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## MEMORANDUM

**Subject: Niagara Transit Commission Additional Budget Information**

**Date: October 31, 2024**

**To: Niagara Region Budget Review Committee of the Whole**

**Cc: Niagara Transit Commission Board**

**From: Mat Siscoe, Chair**

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Budget Committee Members,

The following is provided for information to Budget Review Committee members in response to questions received by Niagara Transit at the October 17, 2024 meeting of the Budget Review Committee of the Whole.

It is important to note that the framework for the budget and special levy have been set by Regional Council in the Establishing By-Law through the triple-majority process and that the Niagara Transit Commission (NTC) are contractually bound by the Municipal Transfer Agreements. The established special levy framework means that the majority of the budget is not discretionary, as transit service delivered by the NTC is required to be maintained for a period of seven years at or above 2020 service levels. Any budget changes that negatively impact on those previously established service levels would place Niagara Transit in violation of those agreements.

The authority to determine how to levy taxes for transit rests solely with the Regional Council. The NTC governing by-law maintains the Region as the authority over budget approvals and authorizes the NTC to make submissions to the Region on what should be in the budget.

The current approach adopted by Regional Council is reflective of the Financial Strategy developed in response to significant consultation and input from the local area municipalities to gain support for the triple-majority process necessary to transfer legal authority to the Region for intermunicipal transit to pave the way for a single consolidated unified public transit system and the amalgamation of existing local transit services.

Despite being a young organization, Niagara Transit is already seen as an example to other jurisdictions of how to successfully achieve a regional transit network. Despite the expedited timeline to become operational, Niagara Transit has been operationally successful since Day 1 and has seen an 84% increase in ridership since its inception. This increase in ridership has been managed with a 7.5% budget increase in 2023 (a 3.29% operating increase net of transfer to capital) and a 5.8% budget increase in 2024, highlighting the efficiencies and opportunities realized through Council's creation of a regional service.

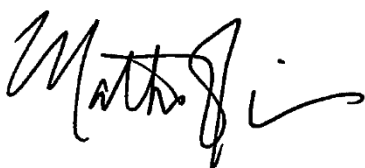
This impressive increase in service was achieved while standing up a new organization and dealing with elements such as inflationary pressures, merging contracts and unions, and unexpected vehicle and infrastructure maintenance; all within a greatly condensed timeframe than was originally planned. Staffing increases have only been made to keep pace with operations and have primarily been made within budget parameters through the use of contract efficiencies realized. Standing up the new organization has also been done against the backdrop of needing to establish reserve funds and without the benefit of the organization's first master plan.

In previous 2025 budget planning discussions between Budget Review Committee members this year, I had committed to providing Council with historical ridership data. NTC staff has demonstrated herein the efficient management of a significant increase in service required since amalgamation and during the standing up of the new Niagara Transit Commission. Any prior data to 2022 has not been included as it was the information of previous providers and contractors and was not shared with the NTC in a robust way nor was it wholly accessible to recreate historical data.

It is important to remember that local transit investments are not made in isolation. Programs such as increased investment in GO service and the province's tourism vision for Niagara hinge on a well-connected and functioning local transit network. Most federal and provincial funding programs require local investment.

Niagara Transit is pleased to provide the following information for the committee.

Sincerely,



Mat Siscoe  
Chair, Niagara Transit Commission

### **Brock University and Niagara College**

Brock University and Niagara College contribute significantly to transit in Niagara. Their separate contracts with Niagara Transit result in an increase in available service for local residents and bring in significant revenue that reduces the cost for local area municipalities; especially Thorold/St. Catharines and along intermunicipal routes (IMT). When measured against the local area municipalities' Transit Special Levy, aside from the three conventional systems in the largest municipalities, Niagara College and Brock are the fourth and fifth largest contributors to the Niagara Transit budget respectively.

Brock University and Niagara College service hours and contract amounts.

<b>Municipality</b>	<b>2025 Service Hours</b>	<b>2025 Service Hour allocation %</b>	<b>2025 Service Hour Allocation</b>	<b>2025 Regional Assessment Allocation</b>	<b>2025 Direct Revenue</b>	<b>2025 Special Levy Requisition</b>
St. Catharines	193,924	41.9%	18,342,444	4,387,624	592,500	<b>23,322,568</b>
Niagara Falls	130,411	28.2%	12,335,020	3,653,361	513,744	<b>16,502,125</b>
Welland	52,565	11.4%	4,971,899	1,483,306	318,750	<b>6,773,955</b>
Fort Erie	32,294	7.0%	3,054,552	1,119,755	0	<b>4,174,307</b>
Niagara-on-the-lake	12,599	2.7%	1,191,686	1,494,386	0	<b>2,686,072</b>
Thorold	14,647	3.2%	1,385,397	822,138	0	<b>2,207,535</b>
Grimsby	8,741	1.9%	826,774	1,326,855	0	<b>2,153,629</b>
Lincoln	8,251	1.8%	780,427	1,084,485	0	<b>1,864,912</b>

Port Colborne	6,420	1.4%	607,240	554,269	0	<b>1,161,509</b>
Pelham	2,520	0.5%	238,356	756,004	0	<b>994,360</b>
West Lincoln	-	0.0%	0	551,607	0	<b>551,607</b>
Wainfleet	-	0.0%	0	263,017	0	<b>263,017</b>
<b>Total</b>	<b>462,372</b>	<b>100.0%</b>	<b>43,733,795</b>	<b>17,496,807</b>	<b>1,424,994</b>	<b>62,655,596</b>

<b>Post-Secondary Institution</b>	<b>Annual Service Hours</b>	<b>Budgeted Service Hour Costs</b>	<b>Additional Budget Contract Revenue</b>	<b>2025 Budgeted Revenue</b>
BUSU	26,267	3,540,792	1,546,198	<b>5,086,990</b>
NCSAC	35,748	4,818,830	1,600,982	<b>6,419,812</b>

**Revenues**

When compared as overall sources of revenue, Niagara College and Brock University represent the third and fourth largest revenue streams for Niagara Transit. Their investment by their student body and to transit provides substantial, stable revenue that helps to offset costs for Niagara Region and local area municipalities. Other revenues such as the Provincial Gas Tax (PGT) are not guaranteed and could be removed by the provincial government at any time. It is also important to note that revenue and costs are not isolated. For example, fare revenue is heavily dependent on service levels. Any reduction in service hours sees a corresponding drop in fare revenue.

Breakdown of NTC revenue.

<b>NTC Revenue</b>	<b>2025 Budget</b>	<b>Total %</b>
Special Levy	62,655,596	71.6%
Fare Revenue	8,190,197	9.4%
Niagara College Contract	6,419,812	7.3%

Brock University Contract	5,086,990	5.8%
Fuel Chargeback	1,895,559	2.2%
Provincial Gas Tax	1,314,565	1.5%
Supplemental Tax Revenue	874,598	1.0%
Other Revenue	865,000	1.0%
Federal & Provincial	170,892	0.2%
<b>Total Revenue</b>	<b>87,473,209</b>	<b>100.0%</b>

**Carbon Tax Information**

The NTC is expecting to pay the following in Federal Carbon Tax per litre on January 1, 2025:

- Diesel - \$0.2139 per litre (Expected to increase to \$0.2540 on April 1, 2025)
- Gasoline - \$0.1761 per litre (Expected to increase to \$0.2091 on April 1, 2025)

The NTC has included \$1,308,041 in its 2025 budget to pay Federal Carbon Tax on diesel and gasoline fuel usage.

**2024 Operating Surplus**

In accordance with the Municipal Service Board By-law, any in-year surplus/deficit is to be guided by the Niagara Regional Operating Surplus/Deficit Policy. Thus, any surplus available at the end of 2024 would go to the NTC Board first for approval through the year-end transfer report and would be allocated to reserves in accordance with the by-law. The Q2 forecast included a \$400 thousand total surplus which has included the recognition of \$1.6 million of PGT. It would be recommended to reduce the PGT allocation funding to operations to have a net zero surplus and utilize the PGT funding for capital. The Q2 forecast included a surplus in fare revenues of \$1.8 million which is being used to offset incremental costs in labour, maintenance, etc.

As the NTC is funded by a Special Levy, the NTC has separate reserves than those funded from the General Levy, however similar funding principles apply. Note that upon amalgamation there were \$0 reserve balances for our stabilization and capital reserves.

### Stabilization Reserves

Stabilization reserves are used during the budget to cover future one-time items, or extraordinary expenses or potential deficits at year end. The opening 2024 balance is \$2,086,731. The Regional Reserve and Reserve Funds Policy indicates that stabilization reserve target balances should be 10% to 15% of gross operating expenditures (excluding reserve transfers and capital costs). The minimum target balance of 10% of the gross operating costs is \$8 million. A few items which could potentially impact the 2025 year-end results include volatility in diesel and gas prices, increases in maintenance and parts and fare revenues could decline.

Table 1: Reserve Summary

Reserve Description	2024 Balance	Target Balance
Transit Stabilization	\$2,086,731	\$7,818,000 to \$11,727,000

### Intermunicipal Routes

IMT routes are vital to all local area municipalities to create a truly interconnected transit network. The current routes were inherited from Niagara Region through amalgamation and have changed very little since 2011. They are currently being evaluated as a part of the master plan process through a borderless lens to match demand. The routes cannot be broken down by local area municipality served due to their design to cross boundaries, a farebox changeover in early 2023 and related technical issues to extrapolate that data, but the table below summarizes the ridership per IMT route.

#### IMT Ridership

Routes	Ridership 2023*	2024 Forecast	Total Service Hours
22	7,517	6,610	3,681
25	29,413	27,009	5,379
34	7,716	9,508	2,146
40 & 45 (including A/B)	475,150	681,670	35,679
50 & 55	112,600	141,256	11,088
60 & 65 (including A/C)	215,230	307,599	28,915

70 & 75	254,824	324,813	20,821
Unallocated*	236,944	-	
IMT Specialized and On Demand Portion uploaded			44,637
			<b>152,346</b>

\*Due to farebox transition in 2023 and 2024, some ridership for inter-municipal routes could not be accurately determined.

**Ridership Increases**

Since Niagara Transit was established, ridership has seen significant increases. Notable is the 214% increase on conventional routes and large increases in Niagara Falls, Niagara-on-the-Lake, Port Colborne, Welland and Thorold. St. Catharines’ increase, while a lower percentage, has a high volume with a jump of over 1.1M rides. Overall Niagara Transit has seen and managed an 84% increase in ridership with an initial budget year investment of 7.5% in 2023 (only a 3.29% operating increase net of transfer to capital) and a 5.8% budget increase in 2024, showcasing the high level of efficiency that has been found over the short period of time in standing up the new organization. Staffing increases have been made to match operations and have been predominantly made within approved budgets with dollars used from efficiencies found. Local municipalities that have seen decreases in ridership have been challenged by minimal or no intramunicipal transit to support local movement and connect to IMT routes. Full dependence on commingled microtransit and the 50% increase in ridership since 2022 that has pressurized that service has created an instability in the delivery of the service. Rider demand and unmet trip requests are starting to affect the experience of using transit in these communities and is negatively impacting ridership. Note: Initial service hours were set based on data provided by each municipality. With actual ridership data from 2023 and forecasted numbers for 2024, Niagara Transit can now adjust service hours to better align with demand in microtransit-served communities. Ridership and service levels will be periodically reviewed to ensure service hours reflect any significant changes in usage.

## Ridership Numbers

	<b>2022 Actual Ridership</b>	<b>2023 Actual Ridership</b>	<b>2024 Forecasted Ridership</b>	<b>Percentage Change from 2022 to 2024</b>
IMT Conventional	477,638	1,339,394	1,498,465	214%
IMT Specialized	23,239	27,980	30,845	33%
St. Catharines	3,167,002	4,304,867	4,313,073	36%
Niagara Falls	1,225,966	2,619,400	3,188,016	160%
Welland	400,282	689,717	795,577	99%
Niagara on the Lake	19,008	40,656	51,691	172%
Port Colborne	7,229	19,583	19,634	172%
Pelham	4,573	4,603	5,053	10%
Thorold	187,557	313,025	323,235	72%
Fort Erie	64,041	91,134	94,353	47%
Grimsby	37,314	35,068	25,030	-33%
Lincoln	21,070	19,326	22,667	8%
West Lincoln	7,081	4,622	2,712	-62%
Wainfleet	1,474	1,547	706	-52%
	5,643,474	9,510,922	10,371,056	84%
* Microtransit and Specialized trips are based on Origin of Trips only.				



	<b>2022 Actual Ridership</b>	<b>2023 Actual Ridership</b>	<b>2024 Forecasted Ridership</b>	<b>Percentage Change from 2022 to 2024</b>
Specialized Ridership	87,284	113,897	117,273	34%
Conventional Ridership	5,397,072	9,170,139	10,014,056	86%
Microtransit Ridership	159,118	226,886	239,727	51%
	5,643,474	9,510,922	10,371,056	84%

### **Transit Requisition Allocation and The Impact of Assessment and Estimates**

The transit requisition methodology was established on amalgamation of the NTC with significant consultation and input from the local area municipalities to gain support during the triple majority process. More details on the financial strategy are outlined in [PW 55-2021 Report](#) and in more detail in [LNTC-C 3-2021](#).

The special levy was established acknowledging the different service levels to each municipality with 3 components:

1. The majority of the requisition is allocated based on service hours to each municipality. As the NTC budget changes any financial impacts are incorporated into this component of the requisition.
2. A fixed amount which is based on the regional transit costs at the time of amalgamation, inflated annually, is allocated based on taxable assessment.
3. A direct allocation to the previous conventional transit providers (Niagara Falls, St. Catharines and Welland) to acknowledge some unsustainable funding sources leveraged during the pandemic that needed to be embedded into the NTC's budget more sustainably on amalgamation. A 3-year plan was outlined to smooth the impact of eliminating the direct allocation with 2025 being the last year a direct allocation will occur.

A detailed comparison of the 2025 vs 2024 allocation by component for each municipality can be found in the table below. The final column of the table shows how the overall requisition, increasing 7.38%, correlates to an increase in each municipal allocation. The service hour allocation, regional assessment allocation and direct municipal allocation and % change in each are also shown.

1. With no changes in service hours, municipalities could expect to see a 14.04% in their service hour allocation. This is simply based on the 7.38% increase in the NTC budget and the shifts resulting from reducing the direct municipal allocation.
  - **Municipalities seeing a service hour allocation increase above 14.04% have proportionately received more service hours and those below 14.04% proportionately less.**
2. With no changes in taxable assessment from 2023 to 2024, municipalities could expect to see a 2.0% increase in their regional assessment allocation. This is simply based off the annual inflationary increase applied to this component.
  - **Municipalities seeing a regional assessment allocation increase above 2.0% have seen a larger increase in 2024 taxable assessment relative to other municipalities and those seeing an increase below 2.0% have experienced a lower increase in 2024 taxable assessment relative to other municipalities.**

Municipality	Year	Service Hours	Service Hour allocation %	Service Hour Allocation	Regional Assessment Allocation	Direct Municipal Allocation	2025 Special Levy Requisition
Fort Erie	2025	32,294	7.0%	\$ 3,054,552	\$ 1,119,755	\$ -	\$ 4,174,307
Fort Erie	2024	25,444	5.6%	\$ 2,141,789	\$ 1,074,482	\$ -	\$ 3,216,271
% increase/(decrease)		26.92%		42.62%	4.21%		29.79%
Grimsby	2025	8,741	1.9%	\$ 826,774	\$ 1,326,855	\$ -	\$ 2,153,629
Grimsby	2024	8,483	1.9%	\$ 714,070	\$ 1,303,875	\$ -	\$ 2,017,945
% increase/(decrease)		3.04%		15.78%	1.76%		6.72%
Lincoln	2025	8,251	1.8%	\$ 780,427	\$ 1,084,485	\$ -	\$ 1,864,912
Lincoln	2024	5,980	1.3%	\$ 503,376	\$ 1,067,030	\$ -	\$ 1,570,406
% increase/(decrease)		37.98%		55.04%	1.64%		18.75%
Niagara Falls	2025	130,411	28.2%	\$12,335,020	\$ 3,653,361	\$ 513,744	\$16,502,125
Niagara Falls	2024	130,411	28.6%	\$10,977,552	\$ 3,590,133	\$1,027,487	\$15,595,172
% increase/(decrease)		0.00%		12.37%	1.76%	-50.00%	5.82%
Niagara-on-the-lake	2025	12,599	2.7%	\$ 1,191,686	\$ 1,494,386	\$ -	\$ 2,686,072
Niagara-on-the-lake	2024	15,912	3.5%	\$ 1,339,418	\$ 1,475,794	\$ -	\$ 2,815,212
% increase/(decrease)		-20.82%		-11.03%	1.26%		-4.59%
Pelham	2025	2,520	0.5%	\$ 238,356	\$ 756,004	\$ -	\$ 994,360
Pelham	2024	2,545	0.6%	\$ 214,229	\$ 732,308	\$ -	\$ 946,537
% increase/(decrease)		-0.98%		11.26%	3.24%		5.05%
Port Colborne	2025	6,420	1.4%	\$ 607,240	\$ 554,269	\$ -	\$ 1,161,509
Port Colborne	2024	5,655	1.2%	\$ 476,019	\$ 543,056	\$ -	\$ 1,019,075
% increase/(decrease)		13.53%		27.57%	2.06%		13.98%
St. Catharines	2025	193,924	41.9%	\$18,342,444	\$ 4,387,624	\$ 592,500	\$23,322,568
St. Catharines	2024	193,924	42.6%	\$16,323,860	\$ 4,355,013	\$1,185,000	\$21,863,873
% increase/(decrease)		0.00%		12.37%	0.75%	-50.00%	6.67%
Thorold	2025	14,647	3.2%	\$ 1,385,397	\$ 822,138	\$ -	\$ 2,207,535
Thorold	2024	14,647	3.2%	\$ 1,232,934	\$ 771,672	\$ -	\$ 2,004,606
% increase/(decrease)		0.00%		12.37%	6.54%		10.12%
Wainfleet	2025	-	0.0%	\$ -	\$ 263,017	\$ -	\$ 263,017
Wainfleet	2024	-	0.0%	\$ -	\$ 256,677	\$ -	\$ 256,677
% increase/(decrease)					2.47%		2.47%
Welland	2025	52,565	11.4%	\$ 4,971,899	\$ 1,483,306	\$ 318,750	\$ 6,773,955
Welland	2024	52,565	11.5%	\$ 4,424,742	\$ 1,435,356	\$ 637,500	\$ 6,497,598
% increase/(decrease)		0.00%		12.37%	3.34%	-50.00%	4.25%
West Lincoln	2025	-	0.0%	\$ -	\$ 551,607	\$ -	\$ 551,607
West Lincoln	2024	-	0.0%	\$ -	\$ 548,338	\$ -	\$ 548,338
% increase/(decrease)					0.60%		0.60%
<b>Total</b>	<b>2025</b>	<b>462,372</b>		<b>\$ 43,733,795</b>	<b>\$ 17,496,807</b>	<b>\$ 1,424,994</b>	<b>\$ 62,655,596</b>
<b>Total</b>	<b>2024</b>	<b>455,566</b>		<b>\$ 38,347,989</b>	<b>\$ 17,153,734</b>	<b>\$ 2,849,987</b>	<b>\$ 58,351,710</b>
% increase/(decrease)		<b>1.49%</b>		<b>14.04%</b>	<b>2.00%</b>	<b>-50.00%</b>	<b>7.38%</b>

It is important to note that these are based on the total requisition amount and estimates known at the time of preparing the budget. 2025 actual impacts to each taxpayer will vary within each municipality and will ultimately be subject to the 2025 tax assessment growth in each municipality which might be higher or lower than the average 1.5% illustrated during this budget. If growth in a municipality is greater than 1.5% the impact to individual taxpayers in that municipality will be less than outlined in the budget report and vice versa.