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**Subject:** NRT and NST 2019 Ridership and Revenue Summary

**Report to:** Public Works Committee

**Report date:** Tuesday, March 10, 2020

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## Recommendations

That this report **BE RECEIVED** for information.

## Key Facts

- The purpose of this report is to summarize the 2019 ridership and revenue for Niagara Region Transit (NRT) and Niagara Specialized Transit (NST).
- 2019 NRT ridership grew from 692,021 in 2018 to 1,065,933 in 2019 (54% growth).
- The 2019 NRT net expense finished under budget by approximately 45% due to the delayed implementation of services and planned increases in revenue from renegotiated U-Pass contracts part of a multi-year move to reduce levy subsidy.
- NRT ridership growth is largely due to a significant investment in service hours on the majority of mainline NRT routes, implementation of express routes, the uploading of the Port Colborne and Fort Erie Link routes, and an added connection point in Pelham.
- The 2019 NST ridership was approximately 5% lower than in 2018 with the net expense finishing approximately 10% under budget due to implementation of staff's revised budget containment strategies resulting from a renegotiation of the service delivery contract.

## Financial Considerations

### Niagara Region Transit (NRT)

The 2019 NRT operating budget included \$10,601,706 in operator payments, \$0 in maintenance costs and \$3,660,213 in fare revenue for a net expense of \$6,941,493. The 2019 NRT actual operator payments totaled \$8,699,776 plus \$10,285 in maintenance costs with \$4,894,838 in fare revenue for a net expense of \$3,815,223. This resulted in a favourable variance of approximately \$3,126,270 (45%). The lower than budgeted actual operator payments are a result of delayed expansion of service hours and the deferred implementation of new service in west Niagara. Additional commentary is provided in the analysis section of the report.

The lower than budgeted actual operator payments are a result of two main factors. The first is the delayed expansion of service on Sundays and Holidays due to insufficient operator staffing at the local transit properties to execute the increase. This operator staffing challenge was exacerbated by the significant expansion of service hours by NRT over the last two years. The second factor is the delayed implementation of on-demand transit service in West Niagara. The deployment of this new service was strategically deferred until Q2 2020 when it was determined in year that interested local area municipalities should be given the opportunity to incorporate funding into their 2020 Operating Budgets. This resulted favourably in the Town of Pelham, Town of Lincoln and Town of Grimsby all opting into the on-demand deployment partnership for west Niagara.

In 2019, the Region's share of revenue for NRT grew to \$4,894,838. This is an increase of 156% over 2018 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. This planned, negotiated increase is part of a multi-year plan to reduce the continued levy-based subsidy of the post-secondary student U-Pass rates. The increase was not included in the 2019 budget as a result of the rates not having been negotiated or finalized at the time the 2019 budget was approved.

**Table 1 – NRT Operating Budget vs. Operating Costs**

Details	2019 Budget	2019 Actual	2018 Actual	Var \$ 2019A vs 2019B FAV/(UNFAV)	Var % 2019A vs 2019B FAV/(UNFAV)	Explanation
Operator Payments	\$10,601,706	\$8,699,776	\$4,969,963	\$1,901,930	18%	Delayed Niagara West Pilot & Deferred Sunday and Holiday service
Maintenance Costs	-	\$10,285	\$231,666	\$(10,285)	N/A	Moved to capitalize repairs
Revenue	\$(3,660,213)	\$(4,894,838)	\$(1,912,765)	\$1,234,625	34%	Increased U-Pass contribution due to route consolidation & service expansion
Net Expense	\$6,941,493	\$3,815,223	\$3,288,864	\$3,126,270	45%	

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### Niagara Specialized Transit (NST)

The NST budget included \$2,212,918 in operator payments and \$132,600 in fare revenue for a net expense of \$2,080,318. The 2019 actuals included \$1,987,695 in operator payments and \$120,670 in fare revenue for a net expense of \$1,867,024. This resulted in a favourable variance of \$213,294 (10%). This variance was primarily driven by the cost containment measures introduced by staff through contract negotiations with the service delivery provider.

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

**Table 2 – NST Operating Budget vs. Operating Costs**

Details	2019 Budget	2019 Actual	2018 Actual	Var \$ 2019A vs 2019B FAV/(UNFAV)	Var % 2019A vs 2019B FAV/(UNFAV)	Explanation
# of Trips	31,200	28,680	30,057	(2,520)	(8%)	Renegotiated contract terms
Operator Payments*	\$2,212,918	\$1,987,695	\$2,627,753	\$225,223	10%	
Fare Revenue	\$(132,600)	\$(120,670)	\$(151,123)	\$(11,930)	(9%)	
Net Expense	\$2,080,318	\$1,867,024	\$2,476,630	\$213,294	10%	

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

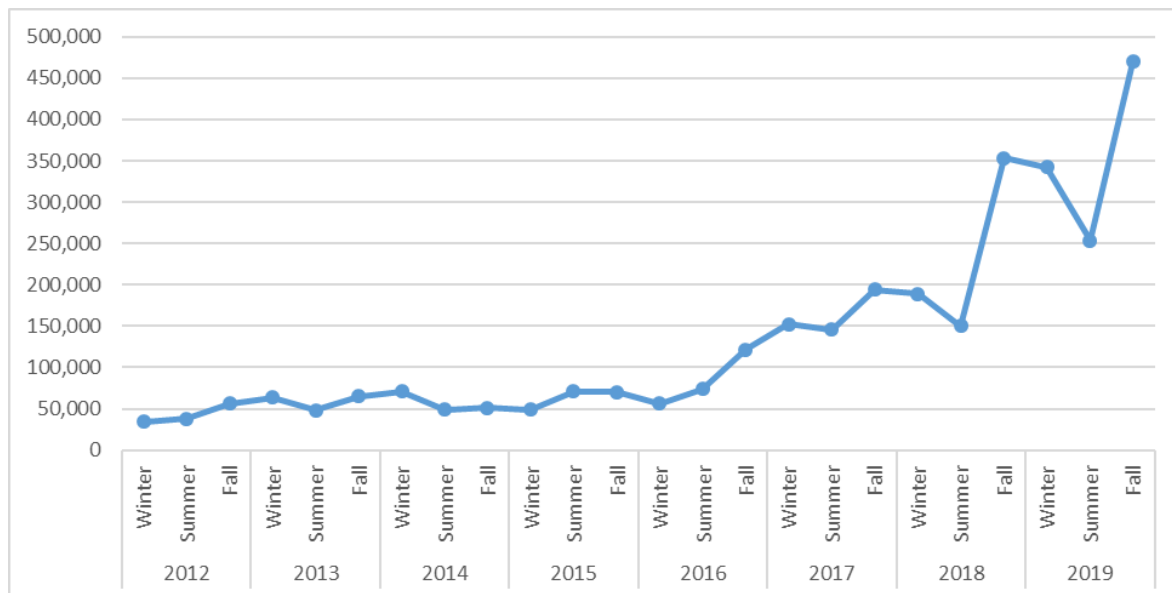
Staff are confident that the current NST Service Agreement is structured in a way which will ensure that the 2020 net expense will be contained within the forecasted operating budget.

## Analysis

### Niagara Region Transit (NRT)

The NRT service has continued to see annual growth in its ridership. From 2018 to 2019, the ridership grew approximately 54%. Figure 1 below illustrates the ridership trend since 2012.

**Figure 1 – NRT Ridership 2012-2019**

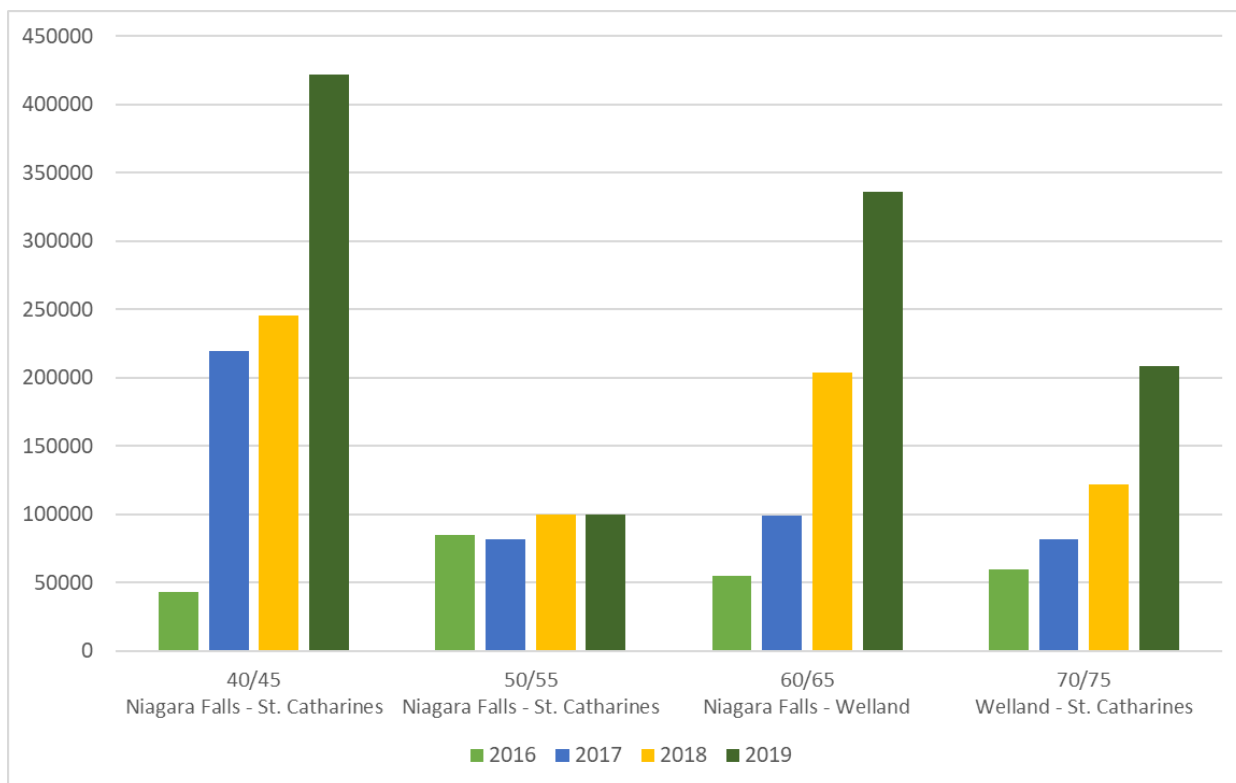


The primary driver behind the substantial growth in NRT ridership was due to the completion of the multi-year route rationalization and consolidation process being undertaken by the Inter-municipal Working Group (IMTWG) and approved in LNTC C-21 2018. The route rationalization resulted in a transfer of existing ridership from previously chartered post-secondary routes to enhanced services on public NRT routes.

In addition to the transferred ridership, NRT also experienced incremental ridership growth through the significant enrollment increase at Niagara College. This was exacerbated by a larger than typical proportion of transit-dependent students in the enrollment cohort with the majority of these students residing in Niagara Falls. While this unexpected demand overwhelmed the existing NRT system in September of 2018, by January of 2019, staff had been able to work with our municipal partners to successfully redeploy NRT and local resources to implement express route services to accommodate the demand.

Each route experienced an increase in overall ridership from 2018 to 2019 as is illustrated by Figure 2 below.

**Figure 2 – NRT Total Ridership by Route**

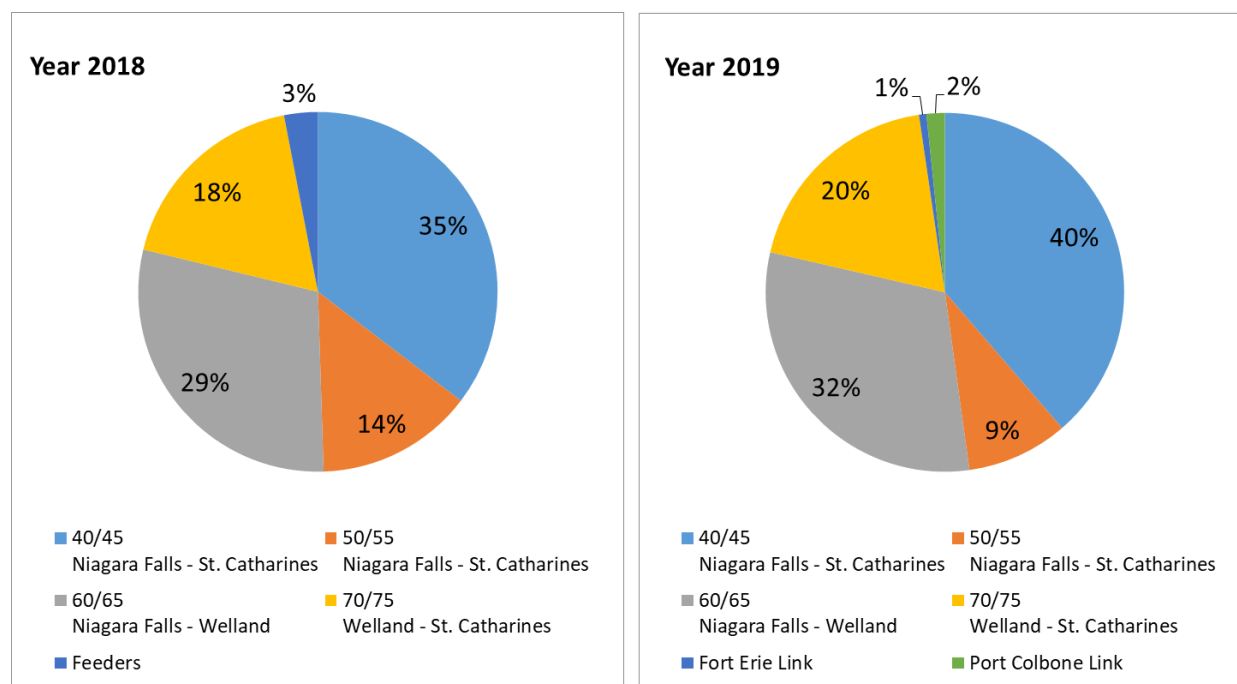


In 2019, the IMTWG was able to make a number of changes so that Niagara Region became the singular provider of inter-municipal transit services. These changes include:

- Upload of the previously chartered Niagara College Route 26 which travels between the St. Catharines Bus Terminal and the Niagara-on-the-Lake Campus. The upload was completed in September 2019 with the route being renamed to 40A/45B to remain consistent with other NRT routes.
- Upload of the Route 22 (Fort Erie Link) as of January 1, 2019
- Upload of the Route 25 (Port Colborne Link) as of January 1, 2019
- Consolidation of the Niagara-on-the-Lake Link which was previously chartered by Niagara College. As of September 2019, this ridership is now reflected on routes 40/45, 60/65 and 70/75.
- Consolidation of the Brock Link which was previously chartered by Niagara College and establishment of a new express route 70A/75A which includes a stop at the Meridian Community Centre in Pelham. As of September 2019, this ridership is now reflected on routes 70/75.

The preceding changes resulted in the transfer of ridership to the existing Niagara Region Transit route network as evidenced by the shifts in ridership distribution illustrated below in Figure 3.

**Figure 3 – NRT Trip Distribution Percentage by Route**



### Niagara Specialized Transit (NST)

The following contractual metrics of the 2019-2020 NST Service Agreement are provided for ease of reference:

- Maximum Trips per year (31,200) – this metric is new to the 2019-2020 NST Service Agreement
- On-Time Performance (95%) - defined as the vehicle arriving +/- 15 minutes from the confirmed pickup time
- Maximum Time on Board (75 minutes) – there is no allowable tolerance for exceeding this metric

Table 3 summarizes some of the key metrics of the NST service for 2018 and 2019.

**Table 3 – NST Key Service Metrics**

<b>Service Metrics</b>	<b>2018</b>	<b>2019</b>
Total Trips	30272	28680
Number of Clients Served	889	926
Average KM Per Request	24.79	23.9
Number of Trips Exceeding Maximum Time Aboard	715	1012
On-Time Performance	85%	86%

*\*On-Time Performance metric:*

- 2018: based on a 25 minute pick-up window.
- 2019: based on a 25 minute (Jan.- Aug.) and 30 minute (Sept. - Dec.) pick-up window.

The NST service experienced a decrease of approximately 5% in its annual ridership from 2018 to 2019. It is important to note that this is not a result of lowered demand, but rather is primarily due to new contractual controls placed on service delivery which do not allow for unlimited trip accommodations experienced in the preceding years which resulted in significant program budget deficits. These changes were necessary to ensure containment of the budget within the approved 2019 envelope. The current NST service agreement leverages an average number of daily trips to ensure the budget is contained while flexibility ensures the trip demand is being met.

An item of concern for the service is the growing number of trips which exceed the maximum allowable time aboard a vehicle. This grew from 715 (2.3%) occurrences in 2018 to 1012 (3.5%) occurrences in 2019. It should be noted that the metric decreased from 90 minutes to 75 minutes when the direct trips to Hamilton were replaced with trips to the transfer hub in Stoney Creek. This may have been an influencing factor in the increased number of occurrences in 2019.

Another element of concern to staff is the On-Time Performance of the service as it remains well below the mandated requirement of 95% despite a change in the acceptable pickup window (from 25 to 30 minutes) which benefits the Service Provider. This metric was changed to 30 minutes to better align with other specialized transit services in Ontario.

In addition, staff completed an Operational Review of NST in 2019 (PW 39-2019) as part of the Specialized Transit in Niagara governance study. That review identified a number of improvement opportunities for the service, some of which are identified in Table 3 above. In working towards improving the areas identified in the Operational Review, staff are continually monitoring the service, regularly communicating with the Service Provider and scheduling meetings with the Service Provider to ensure progress is being made. Thus, staff will continue to work with the Service Provider and the riders to enhance the operation of the service with the goal of ensuring that the contractual terms of the contract are being met. It is also worth noting that the current Service Agreement expires in December 31, 2020.

Trip distribution is not a defined metric of the Service Agreement nor can the Service Provider give any priority to any trips per provincial accessibility legislation. As such, the data in Table 4 and Figure 4 summarize the distribution of trips simply to provide a fulsome picture of where and why the service is being utilized.

**Table 4 - Trip Summary by Municipality of Origin**

Municipality (Trip Origin)	Trips				Growth
	2016	2017	2018	2019	
Niagara Falls	3,807	6,383	6,977	6,900	-1%
St. Catharines	4,465	6,273	6,783	6,798	0%
Thorold	365	663	1,158	1,146	-1%
Welland	3,083	5,258	5,700	4,970	-13%
Port Colborne	673	1,450	1,695	1,898	12%
Wainfleet	20	104	214	351	64%
Fort Erie	1,958	3,611	3,124	2,773	-11%
Niagara-on-the-Lake	1,088	1,301	1,683	1,431	-15%
Grimsby	290	443	661	492	-26%
Lincoln	622	638	715	487	-32%
West Lincoln	104	115	213	428	101%
Pelham	482	514	497	522	5%
Hamilton	216	505	637	484	-24%
<b>Total</b>	<b>17,173</b>	<b>27,258</b>	<b>30,057</b>	<b>28,680</b>	<b>-5%</b>

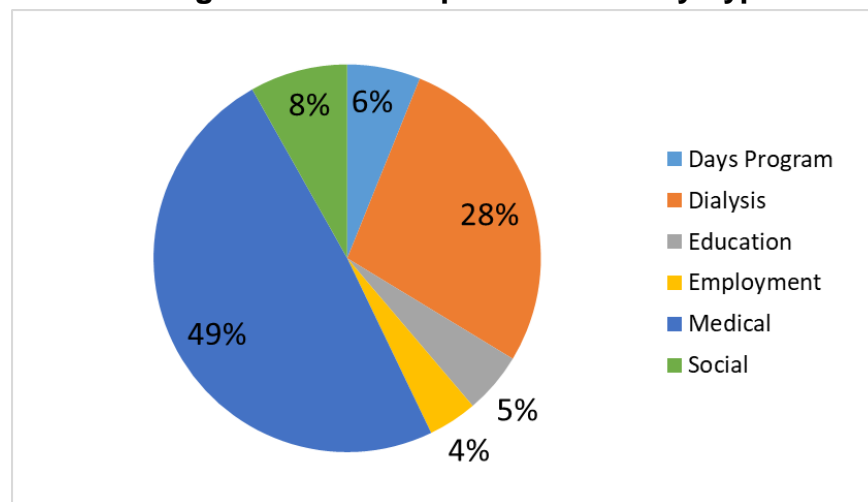
It is especially important to note that the majority of trips (77%) are medically related (medical plus dialysis). When rides for community day programs are factored in, this number increases to 83% and highlights the substantial need that this service meets by enabling residents to access health related services. Social trips continue to grow since



their implementation in 2017 to meet AODA standards. Thus, social trips have increased 3% since 2018 and currently attribute 8% of the total trips.

Figure 4 below provides the distribution of the trips delivered in 2019 by their type/purpose.

**Figure 4 – NST Trip Distribution by Type**



Staff approved 746 new applications in 2019 which represents a 20% increase compared to applications received in 2018. This growing client base is reflective of the changing demographics of the region. The recently completed Specialized Transit in Niagara study, combined with the upcoming Niagara Transit Governance review will provide opportunities to enhance the service through efficiency gains when collaborating with the local transit providers. Despite potential efficiencies, staff cautions that sufficient demand cannot be accommodated in future years without additional financial support for the service.

### **Alternatives Reviewed**

The Specialized Transit in Niagara study is now complete and the recommendations for service levels, operating models, peer comparisons, and customer experience improvements have been referred to the larger transit governance review for incorporation.

### **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 is a priority of the current Council under the Responsible Growth and Infrastructure Planning objective, specifically objectives 3.1

Advancing Regional Transit and GO Rail services and 3.4 Facilitating the Movement of People and Goods. These objectives will remain a priority through the consolidation process.

## **Other Pertinent Reports**

PW 39-2019 – Niagara Specialized Transit Operations Review

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