



TRI-MUNICIPAL REGION TRANSIT REPORT

Inter-Municipal Collaboration Committee - Transit

Abstract

The establishment of a framework for a regional transit system in the Tri-Region.
High level report outlining timing, phasing and key actions that lead to the establishment of a regional transit system.

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Transit Governance



Transit Governance

The Tri-Municipal Region is considering a regional transit system because its members have collectively identified needs that may be met better by collaborating rather than by working individually. Identifying and adopting a unifying governance model for transit is a key foundation for achieving shared municipal goals and forming an effective and efficient regional transit system. By the formation of Inter-municipal Collaboration Committee (ICC) on transit, the three municipalities in the Tri-Municipal Region (City of Spruce Grove, Town of Stony Plain, and Parkland County) have demonstrated their commitment to pursuing a collaborative transit system.

Because transportation and travel are inevitably not only local, transit that is delivered through a regional lens has the ability to offer more seamless travel for passengers who no longer need to be aware that they are crossing municipal or operating system boundaries. It enables transit to better meet demand for regional travel and customer needs. At the same time, regionally-integrated service can offer a way to maximize value out of shared service, resources, fleets and administrative functions.

A successful supporting governance structure will be one that enables decision-makers to consider decisions from a holistic, regional needs perspective, beyond the specific needs of local communities. Though challenging to manage because of competing priorities, successful regional transit arrangements have been those where—through various mechanisms and constant effort—the entity and its members are continually reminded that the decisions optimally need to serve the good of the region beyond the interests of any one specific local government.





DEFINING GOVERNANCE

Decisions on governance define the highest-level decision-making and coordination for the system including setting direction, creating high-level goals, and providing oversight. The governance levels primarily address **public policy functions** typically led by elected officials, and these include strategic planning (including the allocation of resources), securing funding, setting policy (including fare policy and social equity objectives), approving service plans and regional capital programs, and establishing the desired integration with other regional policies including land use and broader transportation policy.

These governance public policy functions are distinct from:

- **Management functions** such as operational service planning (implementing and fine-tuning services to maintain the desired service plan), vehicle scheduling and crew scheduling, managing finances, revenue collection, human resources, labour relations, procurement, capital projects, marketing and communications. Success factors are primarily *efficiency* measures. In some systems these functions are provided by a contractor, while in others these are delivered by public employees.
- **Operational functions** such as maintenance, dispatch, road supervision and security. Success factors are primarily *efficiency* measures. In some systems these functions are provided by a contractor, while in others these are delivered by public employees.

PRINCIPLES FOR GOOD GOVERNANCE

The following principles provide a framework for considering governance options.

- **Accountability:** The degree to which the governance structure has political, administrative, environmental, financial and social accountability linkages at levels appropriate to the decisions to be made. The governance achieves the desired outcomes effectively, at an acceptable cost.
- **Transparency/Acceptability:** The public and stakeholders have a clear understanding of the governance / decision-making process and decision-makers are accessible to constituents. The public, stakeholders, local and provincial governments accept the governance mandate and role.
- **Clarity of Purpose:** The governance has a clear mandate for its direct and indirect purposes, with an unambiguous role separate from that of its partners, the ability to act and the ability to advocate for its mandate. The mandate supports the region's social, economic, environmental goals in a way that is coordinated, integrated and forward compatible with potential further regionalization.



TRANSIT GOVERNANCE STRUCTURES

Governance structures were examined and separated into two broad categories; those that require the **incorporation** of a **separate legal entity**:

- Municipally Controlled Corporation;
- Regional Services Commission (Bow Valley Transit, Edmonton/St. Albert);
- Cooperative (utility services);
- Part 9 Company (Tri Leisure Centre); and
- Federal Non-Profit.

And those that do not establish a separate legal entity but are instead based on some **form of agreement** between the municipalities:

- Inter-municipal Agreement (emergency services);
- Co-ownership; and
- Unincorporated Committee or Board.

Both types of governance have their pros and cons as listed below.

INCORPORATED SEPARATE ENTITY

In this model a separate legal entity is established with **accountability to provide regional transit**. Although there are various specific legal structures possible, there are common elements in all that can be used to assess the model.

Pros:

- The entity can own assets;
- The entity can enter into contracts;
- The entity can obtain financing;
- This governance limits municipal liability; and
- Decision making can be independent of member Councils, meaning it can be easier to develop and approve fare, service level and strategic policies at the regional level.

Cons:

- Long onerous process to establish an entity;
- There is less individual municipal control of the fare, service level and strategic policies; and
- Requires a separate service agreement with each member municipality.

FORMED BY AGREEMENT

In this model the municipalities form an agreement to collaborate to provide regional transit. While the specific elements of the agreement are subject to negotiation it is likely that the staff would be employees of one or more municipalities, seconded or have allocated time commitments.

Pros:

- The governance type only requires Councils' approval to establish (not provincial);
- Individual Councils have more control of the fare, service level and strategic policies; and
- Can be administered by staff of member municipalities.

Cons:

- May not be effective in resolving disputes and/or ensuring cohesive fare, service level and strategic policies at the regional level;
- Can be difficult to allocate adequate staff time when other priorities arise;
- No ability to finance capital as a separate entity;
- Municipalities assume the liabilities of each other; and
- One party must enter into contracts with suppliers and staff.

After further discussion of the governance types, the ICC Transit subcommittee determined that one governance type from each category would be evaluated against certain criteria. The two types selected were: Regional Services Commission and an Un-incorporated Committee/Board. The Regional Services Commission was selected because it is the most common governance type used for transit service. An un-incorporated board/committee was chosen because it creates a body with members from all municipalities that can provide direction and oversight of staff but is nimble enough to adjust to the results of the Edmonton region transit changes.

EVALUATION CRITERIA

In order to make an informed recommendation, the ICC Transit subcommittee (with input from a transit consultant) identified criteria to measure the effectiveness of each governance type to meet the needs for regional transit service. Each criterion is categorized under one principle of good governance and then is rated high, medium, or low to show the relative importance of each one. These criteria are a preliminary categorization as a starting point for further decision making by the municipal Councils.

- Amount of individual councils to have input and approval over level of service provided and funded in their jurisdiction: High
- Ability for decision makers to focus on regional benefits for components such as - fares, overall supporting policies, operational integration: Medium.
- Ability to apply for provincial and federal funding: High
- Ability to transition into Metro Edmonton Regional Commission: High
- Scalability of size of service and flexibility: High
- Centralize communications to ensure that branding and messaging are consistent: High
- Stakeholder groups direct influence: Medium
- Ability of the governing body separately contract services: Medium
- Ability of the governing body to own assets: Low
- Ability to include new municipal or non-municipal partners: Medium

Each criteria was assigned a value in order to quantify the recommendation; the high rating scores 0 – 3 points, medium is 0 – 2 points, and low is 0 – 1 point. The total score gives a general indication which option may be best suited to the region in the long term.

Evaluation Criteria	Rating	Regional Services Commission	Score	Un-incorporated Committee/Board	Score
Accountability					
Amount of individual Council control on service levels within each municipality	High (0-3)	Individual member Councils have limited to no control over the service levels delivered in their community	1	Agreement can allow individual Councils full to limited control of service levels in each community	3
Ability for decision makers to focus on regional benefits of fare setting	Medium (0-2)	Limited to no control for individual Councils over fare setting, which provides consistency for all residents	2	Full to limited control for individual Councils over fare setting could cause confusion to the riders, disagreements between partners, and ineffective fare collection	0
Stakeholder groups can directly influence the governing body	Medium (0-2)	A commission is a clear venue for directing feedback	2	Awareness of a committee/board is likely low and not easily accessed	1
Transparency/Acceptability					
Scalability and flexibility to integrate into future Metro Region Transit	High (0-3)	Too established for acceptance into a larger region commission or the commission's mandate is hollowed by the loss of commuter service	2	A committee/board is easily absorbed, replaced, or reduced to co-exist with the larger region commission	3
Ability to centralize communications	High (0-3)	Branding, messaging, and communications are consistent and controlled by a commission	3	Brand confusion and mixed messaging, communication to and between each partner may be inconsistent, mitigation required	1
Ability to include new partners (municipal or non-municipal)	Medium (0-2)	Commission limits expansion and constrains innovative partnerships	1	Agreements can be revised to include new partners and explore innovative partnerships	2
Clarity of Purpose					
Ability to apply for provincial and federal grant funding	High (0-3)	Yes, and asserts collaboration	3	Yes, led by one member municipality	2
Ability of the governing body to separately contract services	Medium (0-2)	Yes, with direct contract management	2	No, one member municipality must manage the contract	1
Ability of the governing body to own assets	Low (0-1)	Yes, holds all the assets and the liability	1	No, the governing body cannot own the assets or hold the liability	0
TOTAL SCORE			17		13

RECOMMENDATION

The ICC Transit subcommittee have reviewed the options for transit governance in the Tri-municipal region. A formal established governing body and less formal agreement option were compared. Evaluation criteria weighted to align with the perceived values of the member municipalities, concluded that a Regional Services Commission is the best long term option. The Commission option will require a greater amount of work and will take longer to implement, but is the recommended choice.

Before further work is undertaken to determine an implementation plan, the subcommittee request confirmation from the ICC that the Regional Services Commission is the option to pursue. In order to pursue the implementation of a regional governance model, staff time and expectations for deliverables must be dedicated to this endeavour.



Transit Service Delivery Models

Transit Service Delivery Models

The Tri-Municipal Region has joined together to explore collaboration on a regional public transportation system. A review of governance models has been conducted and the partners are reviewing service delivery models to seek direction on the best way to maximize the value of shared services, resources, fleets and administrative functions. A Regional Transit Plan for the Tri-Municipal area is also underway to provide detailed perspective on recommended service levels and operating models. Work is being done between the entities to ensure that these observations and recommendations align.



DEFINING SERVICE DELIVERY

Service delivery refers to the implementation of service according to the goals, objectives, standards and guidelines approved by the governing authority. The exact scope may vary depending on the governance structure and may include some combination of system management functions and operational functions. Success factors are primarily measures of how *efficiently* the service (as defined by the authority) is delivered and include:

- **System management functions:** such as operational service planning (implementing and fine-tuning services to maintain the desired service plan), vehicle and driver scheduling, managing finances, revenue collection, human resources, labour relations, procurement, capital project management, marketing and communications.
- **Operational functions:** such as maintenance, dispatch, road supervision and security. In some systems these functions are provided by a contractor, while in others these are delivered by public employees.

At one end of the spectrum, some systems choose to have all functions delivered by public employees. Others choose to have all the functions delivered by a private contractor. Between these two extremes, there are examples of systems that choose to contract certain portions of the delivery.

LOCAL CONTEXT

Public transportation in the region already illustrates service delivery through a number of different service delivery models. The following table lists the public transportation services in place, the operating organization, and the service delivery model being employed for each. The service delivery models are explained further in the next section.

Service	Service Delivery Model	Operating Organization
Edmonton-Acheson-Spruce Grove Conventional Commuter Service	Public sector contract	Edmonton Transit Service, City of Edmonton
Acheson Shuttle On demand connecting service	Private operating and asset ownership	Southland Transportation Ltd.
Spruce Grove Area Specialized Transit	Private operating contract (non-profit)	Spruce Grove Specialised Transit Service (STS) Society
Stony Plain Specialized Transit	Public sector operation	Stony Plain Handi-Bus, Town of Stony Plain

The four public transportation services are each governed separately. In terms of integration, there is a service connection for the customer between the Acheson shuttle and the commuter service but the services are operated separately. The specialized transit services have an informal arrangement to enable the sharing of vehicles for spare purposes but are otherwise independent of each other and the commuter service in terms of both service and operation.

Each model provides different benefits and trade-offs based on scale, location, desired outcome and local preferences. Considering there are examples of nearly every service delivery model already in place in the region, it suggests that each municipality has made local decisions based on local priorities. It also demonstrates that combinations may be used to deliver service and that the suite of operating models employed may also change over time with changing community needs. Reviewing the options with the intention of consolidating service delivery as effectively and efficiently as possible, a recommendation can be made for the future of Tri-Municipal Regional Transit.



EXPLANATION OF SERVICE DELIVERY MODELS

There are a number of potential service delivery models that may be used to deliver Tri-Municipal transit service. There are examples of nearly every type already in operation in the Tri region, as well as within the larger Edmonton Metropolitan Region. Other examples can be seen in operation in throughout Canada. Each model utilizes varying amounts of contracting to third party operators (which may be public, private or non-profit organizations), from virtually no contracting to a completely contracted service. Each type is explained further below. These are general categories; the amount of contracted services is scalable.



PUBLIC SECTOR OPERATION

This model has the least amount of contracted service; there are few or no service contracts and nearly every service delivery task is carried out by internal staff. All assets are owned by the municipality. Examples are Edmonton Transit Service, Stony Plain Handi-Bus, and Strathcona County Transit.

Benefits:

- High level of control over quality of service delivery
- Public accountability is high

Drawbacks:

- Typically higher costs; no competitive process to manage or benchmark labour costs and overall efficiency
- All risks and liabilities remain with municipality



PUBLIC SECTOR CONTRACT

In this model the local authority purchases transit service delivery from another municipality or public entity. The amount of service is typically defined by the purchasing municipality though concessions are made about the level of integration with the provider's system including service identity, fares and other policies. Asset ownership varies. Examples are Spruce Grove commuter, Fort Saskatchewan commuter, and Leduc LATs (dispatch and call taking).



Benefits:

- Small transit systems can utilize various procurement, operating, maintenance, marketing, efficiencies, as well as knowledge base of established operations
- The potential for better integration (marketing, trip schedules, policies, lost and found, etc.) with a more seamless experience for customers, for services that connect with others in a region

Drawbacks:

- Large transit operations typically do not have a mandate to contract to other municipalities and are not organized as contract providers
- Accountability to the contracting municipality may be low (e.g. prioritize service delivery below their own services)
- Limited flexibility to achieve distinct service objectives (service standards, vehicle specifications, fare collection, service identity, schedule changes, etc.)
- Costs may be high to ensure there is no additional tax burden on the contractor system's taxpayers



PRIVATE OPERATING CONTRACTS

There are a wide range of service delivery tasks that can be contracted out to private companies or non-profit groups. In this model the assets are owned by the municipality. Examples include Spruce Grove Specialized Transit, St. Albert Transit, Leduc Transit, and Fort Saskatchewan local service.



Benefits:

- Small transit systems can utilize the efficiencies and knowledge base of private companies
- Costs may be lower with competitive nature of private companies, or low overhead of not for profit groups
- May provide a benchmark for costs or performance to compare with public sector operations
- Opportunity to reduce political risk from operations and labour management
- May reduce risk and liability to the municipality
- Municipality owns the assets to be eligible for grant funding and lower tax implications

Drawbacks:

- Lower control over the service delivered: strong contract management is required to ensure quality service is delivered
- Procurement processes can restrict flexibility and cost savings. Smaller municipalities may have less existing staff resources and knowledge to set up and monitor service contracts
- Some contractors do not have a broad public transit knowledge base



PRIVATE OPERATING AND ASSET OWNERSHIP

Similar to the private operating contracts, this model shifts the ownership of the assets to a private sector or non-profit entity that has fleet available. Examples include Acheson Shuttle service and taxi services used to augment specialized transit within the City of Edmonton.

Benefits:

- Opportunity for low risk short-term contracts, such as for pilot projects, short term services or contingency strategies to augment other services in times of higher demand
- Lower cost when purchasing agencies are not paying for non-productive time for labour and assets when not in service

Drawbacks:

- Lower accountability and control over all aspects of service delivery
- May be difficult to achieve service identity and deployment of specialized equipment (e.g. accessibility, fare collection, etc.)



CONSIDERATIONS TO RECOMMEND A SERVICE DELIVERY MODEL

The following elements may be considered to select a delivery model that meets the needs of the Tri-Municipal area.

CAPACITY OF MUNICIPAL PARTNERS

Operating a transit system is a major undertaking that requires specialized staff to manage a specialized workforce. Issues include:

- Managing and supervising a workforce that is mobile, works shifts and works alone
- Scheduling a workforce with shifts, a mobile workplace, limited access points, and significant cost risk attached to scheduling efficiency
- Establishing and managing a security system for customers, employees, and fleet; mobile customer service; and mobile communications systems for employees and fleet
- Maintenance of a distinct fleet of heavy duty customer-facing vehicles
- Transit branding, marketing, and communications
- Customer service and complaints handling, including addressing immediate and longer term operating issues, and liaising with planning for the system and community

Because of the complexity of transit many smaller municipalities (and some larger ones) choose to contract the service to larger municipalities with established operations or to private firms that provide this service. Others choose to take on the responsibility to serve their local objectives directly. These objectives may include confidence in their ability to operate transit, an expectation of growth, a desire to maintain local control over municipal or regional services, a long-term strategy that includes transit operations, or other factors.

COST AND SERVICE QUALITY CONTROL

There are various approaches to achieve control over costs and quality. Some municipalities choose to achieve their targets by directly managing in-house operations. Others choose to contract service in order to have control through the competitive bidding process and any associated additional rewards/penalties that may be attached to contract performance. With in-house operation costs and quality may be managed at a fine level, though realistically it can be hard to shift from any pre-existing costs and quality once a pattern has already been established on labour expectations, procurement practices and other public-sector expectations. Conversely, contracted operations may be more closely aligned with private sector labour costs and service quality at a given level of costs. The municipality's level of influence is established during the procurement process and then limited to the contract terms during the contract period. In either case, strong definition of service quality elements in Council-approved service standards and performance guidelines, as well as carefully articulated communications protocols, monitoring processes and customer feedback mechanisms should be put in place before pursuing any of the contracted operating models. These may include key performance indicator reporting, monitoring and following customer service standards, operational and revenue auditing procedures, etc.

CAPITAL FUNDING

Where communities may have difficulty accessing sufficient capital for fleet or facilities or may not use the asset for a full lifecycle, they may consider a public-private partnership model. The contractor supplies the fleet, and potentially the facilities as well. In this case the capital cost is expressed as a fee and may be combined with the operating fee. The municipality must use due diligence to ensure that this approach offers acceptable value. The municipality should carefully consider the terms or potential terms of senior government funding for capital and whether this would be available for privately owned assets. These issues may also apply to the Private Operating and Asset Ownership model described above when used for an extended period, though not over a short term if the service uses available assets.

LONG-TERM COMMUNITY DEVELOPMENT STRATEGY

A municipality may see the establishment of transit as an integral part of its community development, particularly linking future land use to transit service. This linkage is primarily made at the level of policy planning and typically is not affected by a well-executed service delivery model.

RISK (DELIVERY)

This type of risk refers to the likelihood and consequences of the contractor failing to deliver the service or failing as a company. These risks may be mitigated through a diligent commercial review in the contracting process. Because transit is a valued public service there are examples where a municipality has intervened to prevent the contractor from going out of business or to contract the service to another provider at short notice if the original provider fails. In these cases, the municipality may end up with less control over costs and quality.

RISK (REVENUE)

In most North American models, the public agency takes the risk that revenues will achieve their potential. There are examples in Europe where the operator assumes some or all the revenue risk. This provides a greater incentive to attract ridership and enforce fare payment, but can be erode the public objectives of the transit system that may not align with the operator's profit motivation.

LABOUR IMPACTS

Labour considerations can be significant where there are existing operating and/or maintenance labour contracts. When these agreements pre-exist, the formation of new transit models and the contractual challenges can be considerable, particularly as work rules for transit staff typically have a different structure and requirements than other municipal staff. Some agencies have negotiated agreements that enable increased flexibility in the public system for innovative services, or private operation as a component of the overall system. Some jurisdictions have requirements for a minimum level of private sector involvement. For the Tri-Municipal region, pre-existing transit contracts may be a lesser issue, though other labour contracts within the municipalities should be reviewed and considered.

CONSIDERATIONS FOR SERVICE DELIVERY

Questions considered to reach a recommendation.

1. Is there an appetite to include specialized transit service into the scope of Tri-municipal transit service? Yes, all transit services should be included in the service delivery discussion and future commission.
2. Does one of the partners desire to be the owner and/or employer for Tri-municipal transit? No, a partnership is desired.
3. What model should be recommended for the Tri-municipal region? In the long term it is desirable to have a public sector operation. An implementation committee and framework is required to determine the steps required to reach that goal.

RECOMMENDATION

A committee should be formed to establish the steps required to form a partnership that is able to deliver the service as desired by the Tri-Region. The committee can prepare a business case to confirm the most cost effective method of service delivery, accepting that conditions may change in the near future. The desired service delivery model is a public sector operation. This needs to be confirmed by the committee and the councils of the Tri-Region.



Transit Service Cost Sharing

Transit Service Cost Sharing

The Tri-Municipal Region has joined together to explore collaboration on a regional public transportation system. A review of governance and service delivery models has been conducted and the partners are reviewing cost sharing options. A Regional Transit Plan for the Tri-Municipal area has also been completed to provide detailed perspective on recommended service levels and operating models. Work is being done between the entities to ensure that these observations and recommendations align.



CONSIDERATIONS FOR COST SHARING MODELS

Transit systems that cross municipal boundaries and deliver service to residents of different municipalities, must agree to a method of cost apportionment. The basis of the cost sharing can be based on many different parameters. Invoicing can come from the operating organization, another lead municipality, or a commission.

There are many factors that can be considered to allocate costs to each municipality. The factors can be applied to each type of service and/or blended into a general rate. Some factors considered are:

POPULATION SERVED

This measure apportions costs based on population by jurisdiction. Its source is typically Statistics Canada census information by community. The area can be refined to include only residents within a defined service area. This measure uses population size as a way of trying to take into account the relative ability for different jurisdictions to pay for service, especially when there are a range of community sizes participating in the service.

ASSESSMENT

This measure apportions costs based on property assessment by jurisdiction. Its source would be the assessment roll from each municipality. The assessment roll could be refined to include only those properties in a specified catchment area and/or select land uses. This measure can allocate costs based on a jurisdiction's ability to pay more. The concept would be that a jurisdiction with a higher assessment roll would generate more revenue through tax. In the case of Parkland County's Acheson Industrial Area, only industrial zoned lots in the serviced area contribute to the transit service and allocated proportionally based on assessments.

RIDERSHIP

This measure looks at the residential origin of the riders. This measure can be a helpful in cases where some communities may use transit more than others and therefore may be contributing a higher portion of passenger revenue through fares and in cases where the ridership utilizes a park and ride or kiss and ride. This measure may fluctuate over the initial years of service as communities become used to the service and ridership grows and stabilizes.

PASSENGER ACTIVITY

This measure looks at the number of passenger boardings and alightings by area. This focusses on where the customers are coming from or going to, regardless of where they live. Benefitting destinations (rather than just origins) are accounted for. The challenge with applying this measure to a new service is that initial apportionment would be based on estimated usage which may not be accurate.

REGISTERED USERS

Like a blend of population served and ridership, this measure looks at the residential origin of the actual customers (rather than those “served”) but does not consider how often the customer uses the service or how far they travel.

SERVICE HOURS

Number of hours of service provided within each jurisdiction. Source for this is the schedule information by route in each area they serve. This works for routes that stay within the partner municipalities. Routes that travel to an external destination may have to allocate the hours in an equally shared manner.

ROUTE LENGTH

Similar to service hours, this measure uses the number of kilometres of service provided to each jurisdiction. This measure can be a helpful

substitute or additional criterion in cases where there is a mix of urban and rural routes, since rural routes that require substantial highway driving may have different cost impacts but lower levels of ridership than more urban routes in the same system.

REVENUE

Revenue generated by the transit system is used to offset the cost of the service. Revenue can be applied to the gross costs and then the net cost is allocated to each partner. This option works well for Specialized Transit and Handibus services because the fares collected are representative of the trip length and ridership. Revenue is directly linked to ridership, so when cost sharing is based on ridership, revenue allocations are the same ratio as costs. This allows net costs to be invoiced to each partner.

When costs are shared based on service hours or route length within a municipality, revenue ratios based on ridership often differ from the ratio of costs paid. Therefore, a separate calculation is used to allocate revenues and costs of the service.



TRI-REGION CONSIDERATIONS

Public transportation in the region delivers a number of different services. They are currently funded in a number of ways. Looking towards a unified transit system and to identify how to fund potential new service, a review and discussion took place to recommend an initial process to establish cost sharing in the Tri-region. Each type of service was discussed separately.

SPECIALIZED TRANSIT / HANDIBUS

Currently the two separate programs keep separate records on rides and clients. A key step will be to verify and update the data to ensure consistency. Funding for STS is split between Spruce Grove and Parkland County. Stony Plain pays the full amount for Handibus. The rides/resident is not well documented but could be considered in the future. The distance/ride is not currently tracked, but could be used in the future with Smart Fare technology. The number of active clients is a consistent measure in the current services.

Specialized Transit / Handibus Funding and Active Clients 2017

	Funding (tax)	Clients
Spruce Grove	\$164,000 (64%)	685* (80%)
Parkland County	\$12,000 (5%)	31 (4%)
Stony Plain	\$81,000 (31%)	140 (16%)

*Review status of active clients

Annual Specialized Ridership in Tri-Region

Ridership		
STS	5,775 (2016)	72%
Handibus	2,300	28%

Revenue for Specialized Transit / Handibus should be used to offset total costs and net costs invoiced to each partner. A zone or distance based fare structure will ensure that revenue is representative of the types of trips delivered.



EXISTING COMMUTER SERVICE (ROUTES 560/562)

The commuter service has been offered by the City of Spruce Grove for over a decade and the ridership has grown considerably over this time. The riders come from all around the Spruce Grove area, motivated by fuel prices and parking in Edmonton. Surveys of the riders destined for Edmonton have shown that they come from Stony Plain, Parkland County, and Spruce Grove. There is also a small amount of ridership that originates in Edmonton destined for Acheson and Spruce Grove. In 2017, U-Pass integration and the introduction of a new route (562) expanded ridership and the market of transit customers. Up to date ridership information is required to understand the residence of the ridership after these changes.

The populations of each municipality have been used to allocate costs in other shared services in the Tri-region. With the availability of park and ride, all residents can access the commuter service. The catchment area for potential ridership from Parkland County does not include the entire population. A rough estimate is included below, but must be reviewed if this is to be considered further.

Before expanding or promoting the service in a new area, the joining municipality needs to financially contribute to the current costs of the

existing service. These costs can be phased in and adjusted as ridership changes over time.

Commuter Service Statistics 2018

	560/561/562 Ridership	Population Served	560 Funding	562 Funding
Spruce Grove	74%	47% (34,000)	97%	65%
Parkland County	12%	30% (22,000*)	3%	35%
Stony Plain	14%	23% (17,000)	0%	0%

* To be reviewed and refined to confirm service area

Revenue from the existing commuter service should be allocated based on ridership using an average fare. The average fare balances out the use of passes, tickets, cash and UPASS into one fare per ride, regardless of the fare actually paid for the trip. With costs allocated based on ridership, revenue can offset the total cost and net costs invoiced to the partners.



NEW TRI-REGION CONNECTOR ROUTE

When adding new service to an integrated system, the costs can be allocated by the amount of service hours in each jurisdiction. The costs for new service to Acheson was determined using this method. For new routes or services that are targeted towards residents and deliver service within the Tri-region, costs can be allocated by service hour. The other option is to use km traveled. This is not ideal for the new routes if the number of trips is different between municipalities.

Revenue generated on the new local service should be allocated based on passenger activity (boarding/alightings). Similar to the allocation of revenue in the Acheson area, passenger activity rewards successful transit ridership generation. Revenue ratios could vary significantly compared to costs and a separate calculation is required for attributing revenue on costing invoices. Average fare should continue to be used in this situation.

Tri-Region Connector Route Distribution

	Hours/day	*Approximate \$
Spruce Grove	42% (2.67)	\$63,000
Parkland County	6% (0.4)	\$9,000
Stony Plain	52% (3.33)	\$78,000

*Based on an approximate annual cost of \$150,000.



OTHER CONSIDERATIONS

CAPITAL FUNDING

The City of Spruce Grove has already invested in many capital expenses. Amortization of the assets can be recovered as a lease fee paid by partners as an operating expense if the City continues to own the assets. The purchase of new assets can be allocated using the established ratio for operating service charges, or a new ratio can be determined based on any of the factors mentioned above. The expectation would be for each municipality to pay for the construction of any capital works related to bus stops and bus stop amenities within their jurisdiction, with the exception of major facilities that would benefit the entire system, such as park and rides or maintenance facilities. Any provincial and/or federal funding would be leveraged to reduce capital costs as much as possible.

RECOMMENDATION

For Specialized Transit/Handibus service, the net costs should be allocated by active client home address to start, with ridership considered in the future.

For the existing commuter service provided by Routes 560 and 562, the home address of the ridership will be used to allocate the proportions for net costs. This ridership figure will be based on surveys completed on both routes. However, the Acheson service will continue to be allocated by service hours and will be paid by benefiting service area, through a public transportation utility fee.

For new service introduced within Tri-Region, the proportion of service hours in each municipality will be applied to the net operating costs. As the service stabilizes, ridership can be considered to validate the cost share. Revenue will be allocated to each partner based on passenger activity.

This recommendation shall be confirmed by the committee and the councils of the Tri-Region prior to implementation.

Summary of Recommendations

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GOVERNANCE

The ICC Transit subcommittee have reviewed the options for transit governance in the Tri-municipal region. A formal established governing body and less formal agreement option were compared. Evaluation criteria weighted to align with the perceived values of the member municipalities, concluded that a Regional Services Commission is the best long term option. The Commission option will require a greater amount of work and will take longer to implement, but is the recommended choice.

SERVICE DELIVERY

A committee should be formed to implement the steps required to form a partnership able to deliver the service as desired by the Tri-Region. The committee can prepare a business case to confirm the most cost effective method of service delivery, accepting that conditions may change in the near future. The desired service delivery model is a public sector operation.



COST SHARING

For Specialized Transit/Handibus service, the net costs should be allocated by active client home address to start, with ridership considered in the future.

For the existing commuter service provided by Routes 560 and 562, the home address of the ridership will be used to allocate the proportions for net costs. This ridership figure will be based on surveys completed on both routes. However, the Acheson service will continue to be allocated by service hours and will be paid by benefiting service area, through a public transportation utility fee.

For new service introduced within Tri-Region, the proportion of service hours in each municipality will be applied to the net operating costs. As the service stabilizes, ridership can be considered to validate the cost share. Revenue will be allocated to each partner based on passenger activity.

IMPLEMENTATION STEPS

1. Tri-Councils accept the ICC Transit Report and the Tri-Region Transit Plan for information.
2. Spruce Grove, Stony Plain and Parkland County enter into a Memorandum of Agreement to establish an Implementation Committee; including the Terms of Reference and budget requirements.
3. Implementation Committee works to deliver phased in operations while establishing the structure and administration of the future Tri-Region Transit Commission.