

BUDGET COMMITTEE REQUEST:

That staff report the following transit related items identified below as part of the 2024 budget:

- **Budget questions specifically with regard to:**
 - More details on \$40,139,800 taxpayer contribution to transit
 - Transit advertising revenues
 - The gas tax allocation in relation to Oakville Transit annual ridership
 - Clarification on the stated \$65,000 cost to cover the fares for disabled users. Is this figure NET of Care A Van users that are Youth or Seniors
 - What is the Presto fare settlement fee/revenue for each of the past 5 years
 - The cost of pilot for a direct shuttle to and from the GO station to downtown or providing ride on demand from the GO station to Downtown

- **Oakville Transit Operating Performance**
 - The amount that other municipalities are subsidizing transit
 - The amount other towns spend per person per km of bus route

- **Oakville Transit Ridership**
 - What is the actual adult ridership compared to the past 5 years

- **Future Oakville Transit Plans**
 - Steps in 2024 to increase the frequency or connectivity of buses
 - Specific changes planned to increase adult ridership in 2024

RECOMMENDATIONS:

- That the information be received.

KEY FACTS:

- The Community Infrastructure Commission represents 24% (\$108.74M) of the town's overall gross operating budget and 29% (\$76.06M) of the Net operating budget.
- Oakville Transit represents 45% (\$48.8M) of the Commission's overall gross operating budget and 53% (\$40.1) of the Net operating budget.
- Oakville Transit represents 11% of the town's overall gross operating budget (\$449.84M) and 15% of the town's Net operating budget (\$260.46M).
- The transit budget of \$40.1 Million increased \$6.4 million or 19% from 2023.

- Transit revenues from fares, advertising, and charters, help to offset the cost to operate the system.
- The provincial gas tax allocation for transit agencies has historically been allocated based on a formula that is comprised of 70% ridership and 30% population.
- Staff are currently in the process of preparing a 5-year business plan to be completed by Q4 2024.

COMMENTS/OPTIONS:

More details on \$40,139,800 taxpayer contribution to transit

As noted in the transit tab 8 of the budget book, the total expenses for Oakville Transit are \$48,850,300 and total revenue are \$8,710,500 resulting in a 2024 net budget of \$40,139,800. This results in an increase of \$6,396,400 or 19% from 2023. The increase is primarily due:

- Expenses – to capital and growth impacts due to the purchase of electric buses and charging infrastructure as well as to inflationary and contractual obligations for personnel services and contracted services.
- Revenue – to increase ridership levels forecasted to 96% pre-covid levels.

Fare revenue in 2024 is budgeted be \$6.0M and has been forecasted using adult only ridership trends. Staff identified \$1.2M in tax stabilization funding as adult ridership has not yet returned to 2019 levels. In addition to the 2024 adult fare revenue, the free transit for youth and senior initiative will result in a revenue loss of \$1.6M in 2024.

Ridership in 2024 is forecasted to reach 2.9M which includes adults, children, youth and seniors. If revenues were to be collected for all age categories, revenue in 2024 would exceed revenues collected in 2019.

Transit advertising revenues

The Town's transit advertising revenue is generated from contracts for shelter and bus advertising. Staff budget \$600k annually for advertising revenue which represents approximately 9% of total 2024 budgeted external revenue (\$6,711,600). Each contract is set for 5 years, and the proponents of the contracts are responsible for generating advertising revenue with a minimum guarantee revenue payable to the Town.

Advertisers have a number of options when they advertise on a bus. They may choose an interior ad, or an exterior ad. Interior ads are typically the "car cards" which are positioned near the roof line of the bus, however, floor decals are also accepted as other forms of internal advertising. Exterior ads can be placed on the side/back of the bus in the form of a banner or wrap, including full bus wraps. Currently, the proponents are able to maximize the advertising space on Oakville Transit bus and shelters.

Other non-fare revenues could potentially be realized by the following:

- Sell advertising on town digital screens and kiosks

- Permit digital media screens to be installed at bus shelters
- Sport franchises / large special events to purchase bus service
- Push ads through town free bus wifi networks during a transit trip
- Large institutions and employers purchase bulk transit service for their employees

Additional non-fare revenues will be reviewed as part of the 5-year Oakville Transit business plan to explore additional revenue opportunities.

The gas tax allocation in relation to Oakville Transit annual ridership

The town receives gas tax funding from both the province (Ontario Gas Tax Program) and the federal government (Canada Community-Building Fund or “CCBF”). While the federal CCBF is distributed on a per capita basis, the Ontario Gas Tax Program Gas tax has historically been allocated based on a formula that is comprised of 70% ridership and 30% population. Funding for the gas tax program is determined by the number of litres of gasoline sold in the province during the previous year, however, to make up for reduced gas sales due to ongoing recovery from the COVID-19 pandemic, the Ontario Gas Tax Program included additional funding to help ensure municipalities can continue to support their transit systems. Oakville’s allocation of provincial gas tax funding for the 2022-23 program was \$2.8M.

Further details on the Ontario Gas Tax and Canada Community-Building Fund programs below include how the provincial and federal governments allocate funding, and how the town utilizes the funding received.

Ontario Gas Tax

- The provincial government dedicates 2 cents per litre of fuel tax towards the Ontario Gas Tax program.
- In recent years, the funding envelope has been approximately \$380 million, which is distributed amongst 144 municipalities.
- For the 2022-23 program, due to lower fuel tax revenue in 2021-22, the government provided a “top-up” of \$80 million so that the total envelope for municipalities remained at \$380 million.
- Ridership and population data are updated annually, and for the 2022-23 program was based on a 5-year average of ridership from 2017-2021.
- Population: estimated 2021 population derived from the 2016 census data.
- The program identifies eligible types of expenditures for municipalities. The town utilizes \$1.9 million of the allocation to support the transit operating budget. The remaining \$0.9 million supports the transit capital program, including projects for bus stop accessibility improvements, replacement buses and expansion buses.
- Changes to the annual amount of provincial fuel tax can impact the allocation of funding to the town. Further, changes to town population and ridership levels, as a proportion of all municipalities within the program, could result in increases or decreases to the allocation on an annual basis.

Canada Community-Building Fund (CCBF, formerly known as Federal Gas Tax)

- The federal government allocates a portion of fuel tax received towards the CCBF program. The program is administered by the Association of Municipalities of Ontario.
- CCBF is distributed on a per capita basis. Allocations for 2019-2023 are based on 2016 census population counts.
- In 2023, the town will receive a total of \$6,414,690 in funding through the program. Funding received must be spent within a five-year period.
- There is a list of 19 eligible project categories established by the program, including:
 - Broadband connectivity
 - Brownfield development
 - Community energy systems
 - Cultural infrastructure
 - Disaster mitigation infrastructure
 - Drinking water
 - Fire stations
 - Active transportation
 - Bridges and culverts
 - Roads
 - Public transit
 - Recreational infrastructure
 - Regional and local airports
 - Short-line rail
 - Short-sea shipping
 - Solid waste
 - Sport infrastructure
 - Tourism infrastructure
 - Wastewater
- The town allocates CCBF funding to eligible projects. A variety of projects in the 2024-2033 capital forecast have been allocated gas tax funding, including: fire stations, road improvements, road resurfacing, pedestrian crossovers, and new transit buses.

Clarification on the stated \$65,000 cost to cover the fares for disabled users. Is this figure NET of Care A Van users that are Youth or Seniors?

During budget committee, staff were asked to identify the costs to provide free transit to all care-A-van customers. Staff identified that \$65,000 in revenue would be forfeited from the 2024 revenue of \$6,711,600 and the loss of revenue will further impact the town cost / recovery ratio. This cost represents approximately 20,000 adult transit trips. The noted revenue identifies adult only revenues as child, youth and senior fares were made free May 1, 2023. Introduction of free fares for care-A-van users is not recommended as it creates a tiered service with free fares for a certain segment of population using transit while others would be required to pay.

What is the Presto fare settlement fee/revenue for each of the past 5 years

The table below identifying the PRESTO fare settlement over the past five years. Currently Oakville Transit is obligated to remit 9% of presto revenue from 2022 onward.

	2019	2020	2021	2022	2023 YTD
Fare Settlement %	5%	6%	7%	9%	9%
Fee	\$307,980	\$142,864	\$166,072	\$342,278	\$329,360

The budgeted 2024 PRESTO fare settlement fee is \$543K out of total expense of \$48,850,300, representing approximately 1.1% percent of the 2024 transit expense budget.

The cost of pilot for a direct shuttle to and from the GO station to downtown or providing ride on demand from the GO station to Downtown

There is currently a conventional fixed route (Route 14/14A – Lakeshore West) operating from Oakville GO to the Appleby GO station travelling along Kerr Street, Bond Street, Randall Street, Rebecca Street and Lakeshore Road West, providing transit service to Downtown Oakville. There is also Ride On-Demand service available for residents to request rides to and from Downtown Oakville to/from Oakville GO in Ward 3. The drop off location is at the western boundary of the Downtown area at Church Street and Dunn Street.

To provide a direct shuttle (one dedicated vehicle) to and from Oakville GO station to Downtown (1 stop), the high level estimated annual costs to provide the service is shown below:

- Weekday rush-hour only - \$205K
- Weekday all day service (includes rush hours) - \$455K
- Saturday service - \$100K
- Sunday service - \$80K

If direct shuttle service is to proceed, the service Could begin Q2/Q3 2024. Staff recommend that this request be considered through the 5-year transit plan to review the most efficient way to offer services to/from Downtown Oakville through family of services.

Oakville Transit Operating Performance

Canadian Urban Transit Association (CUTA) statistics are published every year and identify the overall performance of transit agencies across Canada. The information below identifies the 2021 performance of transit agencies in the Greater Toronto and Hamilton Area (GTHA). 2022 statistics have not yet been published.

The amount that other municipalities are subsidizing transit

2021 transit **cost recovery** performance:

- Brampton – 31%
- Burlington – 20%
- Durham Region – 22%
- Hamilton – 27%
- Milton – 12%
- Mississauga – 25%
- Oakville – 15%
- Toronto – 26%
- York Region – 21%

2021 values are impacted due to COVID pandemic where Oakville Transit ridership was only at 37% compared to 2019 ridership. In the future, the CUTA cost recovery indicator will not be applicable to be used as a comparator for Oakville Transit as the

implementation of free youth and seniors will have an impact on the costs recovered through fares.

The amount other towns spend per person per km of bus route

The cost per boarding has been provided as the cost per passenger per kilometer is not a statistic available from the CUTA statistics. 2021 transit **cost per boarding** of transit agencies:

- Brampton – \$5.98
- Burlington – \$10.38
- Durham Region – \$14.18
- Hamilton – \$7.43
- Milton – \$38.46
- Mississauga – \$6.65
- Oakville – \$16.25
- Toronto – \$7.15
- York Region – \$13.29

There are various factors that influence the cost per boarding. The various neighbouring transit agencies has varying ranges in level of service to differences in support facilities, services and administration.

Staff analysed the system performance between Burlington Transit and Oakville Transit to identify the differences in transit operating costs and performance. Staff identified the following between the two transit agencies:

- Oakville Transit provides approximately 56% more fixed routes and operates more vehicles when compared to Burlington Transit
- Oakville Transit's annual operating expenses has two key components:
 - Direct bus service
 - Support services
- When compared to Burlington transit, Oakville Transit proportionally spends more on direct bus service and less on support services.
- Oakville Transit has a greater share of support service expenses due to having proportionally more buses and a larger facility (265,000 sqft vs 65,000 sqft) than Burlington Transit
- Overall, Oakville Transit provides a more efficient operation as there is more on-street service, more fleet, and more support services when compared to Burlington Transit.
- As a result, Oakville Transit is well positioned to accommodate increased demand due to future population, future service expansion, and further electrification of the fleet.

Oakville Transit Ridership

What is the actual adult ridership compared to the past 5 years?

Adult ridership compared to the past 5 years has fluctuated as a result of the COVID-19 pandemic. The table below identifies the adult only ridership from 2018 - 2023.

Oakville Transit Adult Ridership	2018	2019	2020	2021	2022	2023 year end forecast
	2,204,178	2,167,204	788,068	1,059,494	1,603,914	1.88M

The 2024 budgeted full system ridership is 96% of 2019 ridership levels. Adult ridership represents 64% of the 2024 total. When compared to 2019, the 2024 budgeted adult ridership represents 83% of 2019 total adult ridership. Due to the free youth and transit initiative, 2024 fares are only being collected for 64% (1.82M – adult riders) of all revenue ridership.

Based on the positive ridership trend in 2023, the current projected adult ridership for 2024 will exceed the 2024 budgeted forecast to be approximately 1.9M revenue riders. Staff will be reviewing strategies to continue increasing all transit ridership as part of the 5-year business plan, staff will be reviewing strategies for increasing adult ridership specifically.

Future Oakville Transit Plans

Steps in 2024 to increase the frequency or connectivity of buses

The following initiatives are part of Oakville Transit’s 2024 Annual Plan, and each address changes in both frequency and connectivity, as well as improving access to transit service, whether that be via conventional or Ride On-Demand service. In addition, Oakville Transit will continue to strive to adjust service where feasible, and where warranted, to ongoing GO Transit rail changes.

Schedule review with priority on Route 5, 5A, 19, and 24

As part of the 2024 Transit Initiatives, staff will review all route schedules to verify schedule adherence, with priority on Route 5, 5A, 19 and 24. Staff are looking to improve the on-time performance of noted routes through reflecting the overall time required to operate these routes. Staff will also be investigating an extension of Route 5 across Dundas, so that the route provides end to end corridor service along Dundas from carpool lot at Walkers and the 407 to the border with Mississauga. There will be ancillary changes which may impact the Route 24 routing, as well as Route 1 routing and frequency. It should be noted that through the review of all routes to improve schedule adherence, there may be resulting impacts on service frequency, in addition to connections at terminal locations, including connections with GO Transit. In addition to the schedule update, staff will be implementing increased frequency on high demand transit routes throughout the Oakville Transit network.

Post-COVID Service Re-implementation

Oakville Transit continues to evaluate system and route performance. Since June 2021, Oakville Transit gradually reinstated its service as it recovered through the COVID

pandemic. As of May 2023, Oakville Transit was operating at 90% of its pre-COVID service level. Our customers rely on Oakville Transit service to get to work, school, appointments, and leisure activities in their day-to-day lives. Staff expect demand for transit service and ridership will continue to increase into 2024 as transit services continue to recover from the pandemic and as commuter travel patterns continue to change. Staff are expecting to operate 100% of 2019 service levels and will continue to review ridership trends to determine where increased frequency is warranted, for higher demand routes.

Expansion of Ride on Demand

Oakville Transit will be introducing new software to support its continued expansion of Ride On-Demand services. In 2024, Oakville Transit will be expanding the service offering of Ride On-Demand, with a view to convert lower performing routes with Ride On-Demand service. In particular, 2024 will focus on Route 26 - Falgarwood and Route 34 – Pine Glen as candidates for conversion to On-Demand, implementing permanent Ride On-Demand service in the currently piloted areas of North Oakville and Southeast Oakville, and converting late night service to Ride On-Demand.

Specific changes planned to increase adult ridership in 2024

With respect to specific changes planned to increase adult ridership, Oakville Transit is currently reviewing this as part of the 5-year business plan which is currently underway. Historically, the focus has been on increasing ridership, not necessarily a specific demographic of the ridership. The recent implementation of the free fares for youth and seniors has changed the proportion of riders using transit, and it is for this reason that it is proposed that this be a focused exercise as part of the business plan work.