

BUDGET COMMITTEE REQUEST:

Staff provide a memo outlining:

- How ridership and associated forecasts identified in the Base Case scenario for future service in the Oakville Transit 2025-2029 Five-Year Business Plan were prepared and impact future key performance indicators,
- Oakville's KPI's compared to other municipalities,
- The impacts of offering free transit to youth after 6 p.m. and weekends, similar to the program offered to youth by Burlington Transit;
- And planned Oakville Transit 2025 service changes

RECOMMENDATIONS:

- That the information be received.

KEY FACTS:

- Staff presented the Oakville Transit 2025-2029 Five-Year Business Plan at the October 21, 2024, council meeting and recommended implementation of Base Case Service Scenario to increase transit frequency over next five years.
- Oakville Transit 2025-2029 Five-Year Business Plan consultant report values are to be used for comparison purposes within the consultant report only.
- Staff prepared five-year forecasts for the recommended Base Case Scenario identifying the Municipal Contribution ranges from \$40.4M in 2025 to \$54.4M in 2029, an increase of \$13.8M over five years.
- Oakville Transit performance measures are forecasted to improve with the implementation of the Base Case Scenario.
- Staff analysed and identified changes to fare revenue based on implementing time of day pricing for youth
- 2025 planned service initiatives have been identified and will be reviewed prior to implementation

COMMENTS/OPTIONS:

The service scenarios identified in the Five-Year Transit Business Plan assumed all riders pay fares and the resulting statistics are to be used only as comparison purposes within the consultant report

The Oakville Transit 2025-2029 Five-Year Transit Business Plan evaluated three service scenarios, all intended to improve transit service frequencies. The information in *Appendix A - Table 2: Forecast Operating and Financial Scenarios* were calculated based on certain assumptions and can be used as a sensitivity analysis of the three

service scenarios to changes in ridership, revenues, municipal operating contribution, revenue to cost ratio, cost per passenger and other transit related key performance indicators.

The consultant assumed that all riders pay fares and did not account for free transit for youth and seniors which impact the revenue values and other performance indicators identified in the appended tables.

Transit staff recommended adoption of the Base Case Service Scenario as the roadmap to increase transit service over the next five years and implemented through the annual planning and budget process.

Comparing the three service scenarios to current Oakville Transit operation, staff utilized the “revenue hours of operations” and “revenue passengers” forecasts from the consultant (*Appendix A - Table 2: Forecast Operating and Financial Scenarios*) along with the recommended staffing plan to calculate the additional service operating costs for each of the scenarios.

As a result of the analysis, staff recommended the adoption of the Base case Service Scenario, which will require approximately \$10M in additional operating budget, 71K of additional service hours and 19 additional buses to implement.

Staff developed the five-year forecast for the Base Case Service Scenario separately based on the current Oakville Transit operational experiences in revenue and operating costs

Council inquired about the values in the consultant’s appendix tables in relation of Oakville Transit’s budget. As indicated earlier, the consultant’s numbers are not applicable for the purpose to determine budget impacts. **Attachment 1** shows how the consultant’s values were used to identify impacts of the staff recommended service scenario (Base Case) to the Town budget over 2025-2029. Below is the description of the steps:

1. *Appendix A - Table 2: Forecast Operating and Financial Scenarios* – “Revenue Hours of Operation” and “Revenue Passengers” yearly values were the only two sets of values used from the consultant, which results in total of 1.37M hours of operation, and 20.4M revenue passengers, respectively.
2. The “Revenue Hours of Operations” identify the hours required to operate transit service by year. Staff calculated that 71K additional revenue hours of operation (see Table 1) are required to increase service frequencies from existing levels to the Base Case Scenario level. Staff then calculated the cost to increase service frequencies to the Base Case Scenario by using the calculated additional revenue hours of operation.
3. Subsequently, staff calculated the tap ridership by fare type (see Table 2) as revenue will only be generated by adult fare. Fare revenue was then calculated (see Table 3).

4. Staff utilized the additional revenue hours of operation (71K hours from Table 1) to calculate the additional cost to provide the service. The total additional service operating cost (\$10.17M) is a combination of additional revenue hours of operation (\$7.1M) and staffing costs (\$3.1M). (See Table 4).

Staff forecast increases in expenditures over 5 years in the range of \$13.8M inclusive of the \$10.17M to increase transit service to the Base Case Scenario

Oakville Transit's annual budget includes expenditures and revenues, and the forecasted budget (Table 5) shows the total tax levy (the municipal contribution) is a combination of:

- Gross expenditures – includes Base Case service scenario and all expenses related to transit which such as staffing, operations, maintenance, contracts, on-street services, and inflationary costs.
- External revenues – includes adult fare revenue (Table 3), other fare revenue and advertising revenue.
- Internal recoveries and transfer (gas tax)

The Municipal Contribution is calculated by subtracting external revenues and internal recoveries from gross expenditures. The Municipal Contribution ranges from \$40.4M in 2025 to \$54.4M in 2029, an increase of \$13.8M over five years. This increase includes the implementation of the Base Case Service Scenario and continued day-to-day operations of the overall transit system.

Oakville Transit performance measures are forecasted to improve with the implementation of the Oakville Transit Five-Year Business Plan Base Case Scenario

Canadian Urban Transit Association (CUTA) statistics are published every year and identify the overall performance of transit agencies across Canada. Oakville Transit provides statistics to CUTA and the revenue to cost ratio and cost per trip numbers are calculated. Both key performance indicators are shown on the Oakville Transit Business Plan.

The revenue to cost ratio and the cost per trip are calculated using a formula defined by CUTA:

- Revenue to cost ratio = Total Operating Revenue (passenger revenues, charters, advertising, and other operating revenues) divided by Total Direct Operating Expenses (fuel and energy, vehicle and facility maintenance, and administrative expenses)
- Cost per trip = Total Direct Operating Expenses (fuel and energy, vehicle and facility maintenance, and administrative expenses) divided by Total Regular Service Linked Trips (Tap Boardings)

These calculations do not consider transfer to reserves which is included in the Town's expenditures and therefore cannot be calculated directly from the budget forecasts in Table 5.

Staff estimated the future KPIs (see Table 6) for 2025-2029. It shows that revenue to cost ratio is expected to increase and cost per trip will decrease over the next five years with the implementation of the Base Case service scenario. These two KPI's are primarily influenced by increases in revenues associated with increased ridership at a higher rate than expenses.

It is difficult to compare Oakville performance indicators with other transit agencies due to varying ranges in level of services, differences in support facilities, and fare structures

The Community Infrastructure Commission 2025 budget was presented to the Town's budget committee October 24, 2024. At the meeting staff were requested to provide transit system comparisons in relation to Oakville Transit's key performance indicators. Table 7: Key Performance Indicators Transit System Comparators, identifies key performance indicators for 2023 between Oakville Transit and other surrounding transit agencies.

In comparing the statistics, there are various factors influencing the revenue to cost ratio and the cost per boarding. Neighbouring transit agencies have varying service levels and differences in support facilities all which impact the cost to operate services. In addition to varying levels of services, Oakville Transit's revenue to cost ratio is lower at 24% and the cost per trip is higher at \$7.94 primarily resulting from the implementation of free transit for youth and seniors in 2023.

Changes to the Oakville Transit free transit for youth initiative will increase revenues collected.

At the same October 24, 2024 Budget Committee meeting, staff were requested to provide information pertaining to free transit to youth similar to the free transit for youth program offered by Burlington Transit which offers youth free transit after 6 p.m. and on weekends.

Staff analysed youth ridership on the Oakville Transit system by time of day and estimate a total of approximately 1.1M youth trips will be taken between the start of weekday service and 6 p.m. based on 2024 ridership data. Should the Town implement free transit for youth only after 6 p.m. and weekends, staff are estimating a revenue increase of approximately \$2.1M annually.

Oakville Transit does not compete with the yellow bus services provided by the Halton Region school boards in providing services for students. The school boards primarily offer yellow bus services on the following criteria, however other factors such as safety are included in determining yellow school bussing eligibility for students:

Urban Areas: Grades K – 8: distance from school: more than 1.6KM
Grades 9 – age 21: distance from school: more than 3.2km

Rural Areas: Grades K – age 21: distance from School: more than 1.6km

Oakville Transit staff continuously work with the school boards and their transportation services provider to identify yearly changes to student services ensuring transportation service coverage is provided for all students.

Staff presented the planned Oakville Transit 2025 service changes during the Community Infrastructure Commission budget presentation

In preparation of the Oakville Transit Five-Year Business Plan, staff identified planned changes to service for 2025 which include changes to:

- Route 1 – from 60 min to 30 min rush hour frequency
- Route 5 – from 30 min to 20 min midday frequency
- Route 11 – from 60 min to 30 min – rush hour frequency
- Route 120 – increased services Middays and evenings
- Additional expansion of Ride On-Demand areas will be based on Fall 2024 services review

All planned service initiatives will be reviewed in 2025 prior implementation, and communication will be prepared for residents and customers before any changes take place.

Oakville Transit strives to provide a safe, reliable, convenient, and efficient public transit service for Town residents through the Family of Service transit system. As ridership on the system continues to increase, staff will continue to monitor the system to find efficiencies, promote transit services, and prepare for future ridership growth as identified in the Oakville Transit Five-Year Business Plan.

Attachment 1

Table 1: Appendix A - Table 2: Forecast Operating and Financial Scenarios - Base Case Scenario

('000)	2024	2025	2026	2027	2028	2029	Total
Revenue Passengers*		3589	3816	4072	4338	4611	20,426
Revenue Hours of Operation**	230.8	247.5	259.5	273.2	287.4	301.8	1,369
Additional Revenue Hours of Operation***		16.7	11.9	13.8	14.1	14.4	71

* Revenue Passenger in Five-Year Business Plan = Tap Ridership for projection of fare revenue

** This indicates the total revenue hours of operation for the Base Case Scenario

*** The incremental additional operating hours year by year = Total Operating Hours Required identified in Staff Report

Table 2: Tap Ridership Forecast by Fare Type (by Transit Staff)*

('000)	2024	2025	2026	2027	2028	2029	Total
Adult	1,758	1,974	2,099	2,240	2,386	2,536	11,235
Youth	945	1,041	1,107	1,181	1,258	1,337	5,924
Senior	477	520	553	590	629	669	2,961
Child	48	54	57	61	65	69	306
Total	3,228	3,589	3,816	4,072	4,338	4,611	20,426

* Distribution of fare type based on post free distribution from April 2023 to May 2024

Table 3: Adult Fare Revenue Projection (by Transit Staff)*

(\$'000)	2025	2026	2027	2028	2029	Total
Average Adult Fare	\$ 3.60	\$ 3.71	\$ 3.82	\$ 3.93	\$ 4.05	
Adult Fare Revenue	\$ 7,106	\$ 7,781	\$ 8,554	\$ 9,384	\$ 10,275	\$ 43,100

* Tap Fare revenue calculated based on Adult tap ridership average fare

Table 4: Additional Service Operating Cost including Staffing Projection (by Transit Staff)

	2025	2026	2027	2028	2029	Total
Cost per Service Hour (\$)	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	
Service Operating Cost (\$000's)	\$ 1,674	\$ 1,194	\$ 1,378	\$ 1,412	\$ 1,444	\$ 7,101
Staffing (\$000's)	\$ 326	\$ 997	\$ 824	\$ 468	\$ 446	\$ 3,063
Total	\$ 2,000	\$ 2,191	\$ 2,203	\$ 1,880	\$ 1,890	\$ 10,165

Table 5: Budget Forecast (by Transit Staff)

(\$'000)	2024	2025	2026	2027	2028	2029	Total
Gross expenditures*	\$ 47,661	\$ 50,458	\$ 55,548	\$ 61,629	\$ 64,889	\$ 66,826	\$ 347,011
External revenues**	\$ 6,712	\$ 8,038	\$ 8,435	\$ 8,849	\$ 9,666	\$ 10,583	\$ 52,283
Internal Recoveries & transfers (gas tax)	\$ 1,999	\$ 1,999	\$ 1,999	\$ 1,999	\$ 1,999	\$ 1,999	\$ 11,994
Total Tax Levy (Municipal Contribution)	\$ 38,950	\$ 40,421	\$ 45,114	\$ 50,781	\$ 53,224	\$ 54,244	\$ 282,734

*Gross expenditure include inflationary increases + additional service operating costs

**External Revenue includes adult fare revenue + other miscellaneous fares + advertisement

Table 6: Key Performance Indicators

	2024	2025	2026	2027	2028	2029
Conventional Cost Recovery ratio (CUTA)	21%	24%	24%	24%	26%	29%
Cost/trip (CUTA)	\$ 10.36	\$ 9.35	\$ 9.18	\$ 9.31	\$ 8.24	\$ 7.18

Table 7: Key Performance Indicators Transit System Comparators

2023 CUTA Statistics	Oakville	Brampton	Burlington	Hamilton	London	Mississauga	York Region
Service Area Population	230,190	685,360	196,713	557,000	429,700	756,453	1,218,906
Service Area Size (km²)	139.6	266.8	97.6	243	169.6	178.6	1776
Hours of Operation	218,095	1,277,913	201,192	943,431	682,459	1,385,231	1,207,375
Ridership (Linked Trips)	2,832,847	40,907,483	2,977,826	19,092,478	18,412,516	45,075,142	21,523,707
Operating Expenses	\$29.50M	\$199.58M	\$24.84M	\$134.11M	\$88.18M	\$220.02M	\$207.20M
Revenue	\$7.03M	\$112.43M	\$6.63M	\$44.38M	\$37.86M	\$99.00M	\$74.47M
Net Operating Cost	\$22.48M	\$87.16M	\$18.19M	\$89.73M	\$46.46M	\$120.61M	\$132.83M
Hours of Operation per Capita	0.9	1.9	1.0	1.7	1.6	1.8	1.0
Passengers per Operating Hour	13.0	32.0	14.8	20.2	27.0	32.5	17.8
Passengers per Capita	12.3	59.7	15.1	34.3	42.8	59.6	17.7
Revenue to Cost Ratio	24%	56%	27%	33%	44%	45%	36%
Cost per Trip	\$7.94	\$2.13	\$6.11	\$4.64	\$2.65	\$2.68	\$6.04