

**For final resolution see B47-2015 as adopted by Council
at its meeting held December 21, 2015**

/AC

Windsor, Ontario December 21, 2015

**REPORT NO. 323 of the
ENVIRONMENT, TRANSPORTATION & PUBLIC SAFETY
STANDING COMMITTEE
of its meeting held November 18, 2015**


Present:
Councillor Fred Francis
Councillor Chris Holt
Councillor Bill Marra (Chair)
Councillor Hilary Payne
Councillor Paul Borrelli


That the following recommendations of the Environment, Transportation and Public Safety Standing Committee **BE APPROVED:**

Moved by Councillor Payne, seconded by Councillor Francis,
That the report of the Corporate Leader Transportation Services dated November 2, 2015 entitled—Transit Windsor 2016 Operating and Capital Budgets—City Wide **BE REFERRED** to the 2016 Operating and Capital Budget Meeting.
Carried.

S 24/2015 AFB/12131

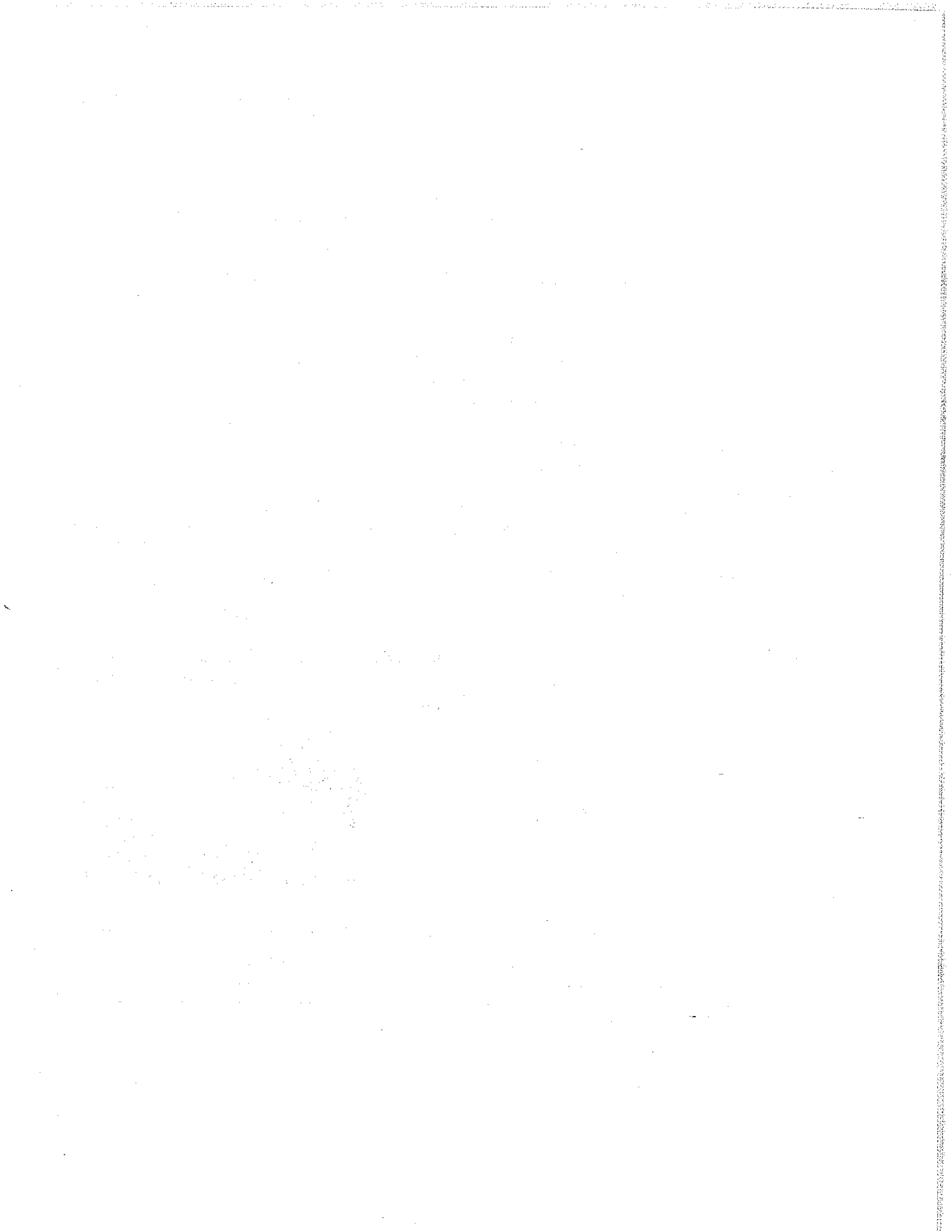
Clerk's Note: The report of the Corporate Leader Transportation Services dated November 2, 2015 entitled "*Transit Windsor 2016 Operating and Capital Budgets – Citywide*" is attached as background information.



CHAIRPERSON


SUPERVISOR OF COUNCIL SERVICES

NOTIFICATION:	
NAME	CONTACT INFORMATION





Transit Windsor

MISSION STATEMENT

"Our City is built on relationships – between citizens and their government, businesses and public institutions, city and region – all interconnected, mutually supportive, and focused on the brightest future we can create together"

REPORT #: S 24/2015	Report Date: 11/02/2015
Author's Contact: Patrick Delmore Executive Director pdelmore@citywindsor.ca 519-944-4141 ext. 232	Date to Council: 11/18/15
	Clerk's File #: AFB/12131

To: Transit Windsor Board of Directors

Subject: Transit Windsor 2016 OPERATING AND CAPITAL BUDGETS - Citywide

RECOMMENDATION:

That the Transit Windsor Board of Directors **APPROVE** Transit Windsor's 2016 Operating and Capital Budgets, noting the following:

- I. That **APPROVAL** be given for a one-time funding of \$1,420,000 to underwrite the 2016 solvency deficit of the Transit Windsor Pension Plan, pending discussions and approval by OMERS, Transit Windsor Board of Directors and Windsor City Council to transfer the frozen plan to OMERS; and
- II. That **APPROVAL** be given for a fare increase, as identified in Table B shown below, effective July 1, 2016; and
- III. That **APPROVAL** be given to the 2016 Capital Projects as previously submitted and approved under the five year capital plan.

EXECUTIVE SUMMARY:

N/A.

BACKGROUND:

On July 27, 2015, the Executive Committee of Council received the guidelines for the 2016 Budget Development. All City Departments, including Transit Windsor, have been requested to do the following for consideration by the Corporate Leadership Team & City Council:

- Develop a status quo budget to maintain existing service levels.
- Develop a budget option that reflects a 10% reduction of the 2015 net operating budget to achieve the goal of holding the line on the tax levy.
- Identify recommended service enhancements and related budget increases

As a result, City Departments were asked to develop a status quo budget to carry on existing service levels for the 2016 budget year. Departments were also encouraged to recommend service enhancements and necessary related budget increases for consideration by the Corporate Leadership Team and City Council.

In addition, as a result of preliminary estimates related to anticipated pressures and savings for the upcoming year, City Departments were asked to develop reduction options that will maintain 2015 budget levels and also provide further reduction scenarios totaling 10% of their department's 2015 net operating funding levels. The 2016 Operating Budget for Transit Windsor has been developed in accordance with these guidelines.

In 2016, Transit Windsor will be facing the following budget pressures:

- **\$90,823** in salary and wage adjustments of that reflect the 2016 projected increase to the salary and wage budget
- A shortfall in ridership revenue of **\$340,000** due to a reduction in bus pass purchases by Ontario Works clients and the delay on the opening of the University's downtown campus.
- A contribution of **\$1,420,000** from the Fringe Rate Stabilization Fund to underwrite the cost of the solvency deficit of the Transit Windsor Pension Plan.
- Increased costs of **\$160,000** for vehicle maintenance materials that are largely attributable to the ongoing maintenance required for Transit Windsor's aging fleet and the increased cost of replacement parts related to newer bus technology.
- An increase of **\$16,000** to top up the salary budget for the conversion of a mechanic's position to a supervisor's position. In 2015, the Garage Manager's position was eliminated and with it the supervisory coverage of the garage operations on the day shift. That same year, City Council approved the addition of a Mechanic's position to address increased maintenance requirements. In time, Transit Windsor realized that the absence of a day shift Maintenance Supervisor was not sustainable. Transit Windsor opted to fill the Maintenance Supervisor's position in 2015 and request budget approval to fill the mechanic's position in 2016, at an additional cost of **\$73,030**.
- Thermal Energy Costs of **\$32,000** that were never budgeted for the Windsor International Transit Terminal (WITT) but that are now being charged to that facility.
- Decline in commission revenue from Greyhound Services. Transit Windsor has never realized the projected annual revenues of \$175,000 from Greyhound ticket sales. Greyhound Services most recently negotiated a flat fee of \$90,000 for

services provided by Transit Windsor staff at WITT. The projected revenue budget has been reduced by **\$30,000**.

Transit Windsor's proposes to generate additional revenues and savings as follows:

Increased Farebox Revenues	\$340,000
Reduced Fuel Budget	160,000
Funding from Fringe Benefits Stabilization Reserve	1,420,000
Greyhound Maintenance Services Revenue	62,000
Intelligent Transportation System Savings	55,058
Reduced Workers Compensation Costs	20,000

DISCUSSION:

In order to meet the budget pressures outlined above, Transit Windsor will require additional funding of \$104,795 to maintain existing service levels. Of note is Administration's recommendation of a 10% fare increase effective July 1, 2016.

Transit Windsor last implemented a fare increase in January 2013, at which time a 10% increase was applied to all fare categories. Effective July 1st 2016 Transit Windsor is proposing a fare increase of 10% that would align Windsor's fares with fares of cities in the province (See **Table "A"** below).

Table A: Comparative Fares

City	Cash Fare
Barrie	\$3.00
Brampton	\$3.75
Burlington	\$3.50
Durham Region	\$3.50
Grand River	\$3.00
Kingston	\$2.75
London	\$2.75
Mississauga	\$3.50
North Bay	\$3.00
Oakville	\$3.50
Sarnia	\$2.75
Windsor	\$2.75

Table B below indicates the current and proposed pricing of a fare increase that would be effective July 1, 2016.

	Cash			Tickets (book 5)			Passes		
	Adult	Student	Senior	Adult	Student	Senior	Adult	Student	Senior
Current	\$2.75	\$2.75	\$2.75	\$11.50	\$9.00	9.00	87.00	60.00	44.00
Proposed (7/2016)	\$3.00 9%	\$3.00 9%	\$3.00 9%	\$12.65 10%	\$9.90 10%	9.90 10%	95.70 10%	66.00 10%	48.40 10%

If the Board eliminates the fare increase, \$340,000 in additional cuts will have to be found in Transit Windsor's operations. Any cuts in service will have attendant cuts in revenue, due to reduced farebox revenue and reduced gas tax revenue. Transit Windsor examined various options to achieve the cost reductions required by the City. These are as follows:

- 1. Elimination of the first and last trips of the day.** Under this scenario, it is expected that riders may use the service earlier, or find alternative ways to travel that could affect other trips in the day. Transit ridership by time of day by route is an unknown and further investigation and onboard passenger counts would be required to determine actual ridership. The projected net cost is noted below.

Service	Cost	Revenue Loss	Net Cost
First trip of day	\$322,828	\$110,920	\$211,908
Last trip of day	<u>261,429</u>	<u>90,752</u>	<u>170,677</u>
Total	\$584,257	\$201,672	\$382,585

- 2. Elimination of specific routes.** Transit Windsor's routes have been developed based on the Transit Industry's Service Standards and Planning Guidelines. Transit Windsor analyzed its feeder routes and based on the revenue to cost ratio, evaluated the following routes for elimination: Central 3 West, Lauzon 10, Parent 14 and South Windsor 7; with the caution that a reduction on a feeder route could also negatively impact the main lines. The projected net cost is noted below.

Service	Cost	Revenue Loss	Net Cost
Central 3 West	\$188,012	\$55,022	\$132,990
Lauzon 10	467,876	205,682	262,194
Parent 14	340,744	265,677	75,067
South Windsor 7	489,323	395,666	93,657
Total	\$1,485,955	\$922,047	\$563,908

3. Cancellation of Holiday Service

The projected net cost is noted below.

Service	Cost	Revenue Loss	Net Cost
No Holiday Service	\$159,908	\$128,258	\$ 31,650

4. Elimination of the Affordable Pass Program

In order to achieve the 10% reduction target for the 2016 Operating Budget development, the Housing and Children's Services Division (Social Services Department) recommended the elimination of all of the Pathway to Potential (P2P) funded programs, including Transit Windsor's Affordable Bus Pass Program.

The affordable bus pass program provides individuals living at the poverty level with a greater ability to seek employment and enhance their quality of life through the use of public transit. Without the reduced bus pass rate, it is expected individuals will still use transit but on a much more limited basis.

The elimination of the affordable bus pass program would have resulted in a direct revenue loss to Transit Windsor of approximately \$200,000. Transit Windsor would also have recommend that all monthly passes be sold at the regular monthly rate leading to a further revenue loss of approximately \$100,000. Since many of those currently purchasing a pass at the reduced price would not be able to afford a full priced pass. The reduction in pass purchases would not only impact monthly pass sales, but would also impact gas tax funding, which is based on the number of rides.

In an effort to offset this revenue loss, Transit would have considered implementing a new fare structure, effective January 1, 2016, rather than the recommended July 1st implementation date.

The elimination of the affordable Bus Pass Program has not been recommended by the Corporate Leadership Team in the 2016 budget being presented to Council.

RISK ANALYSIS:

The 2016 budget was developed using estimates that may differ significantly from actual results. Administration has used its best judgment preparing these estimates, based on a number of assumptions. As with any preliminary estimates, significant fluctuations are likely to occur.

The most notable risk areas are as follows:

- The fare increase may not generate sufficient additional revenues to offset incremental costs.
- Fuel costs are volatile and may not be consistent with the estimates of \$0.90 per litre.
- The Transit Windsor Pension Plan may experience a higher than projected solvency deficit.

FINANCIAL MATTERS:

Discussed throughout the report.

CONSULTATIONS:

Sue Grimmer, FPA, Finance Department

CONCLUSION:

Transit Windsor's 2016 Budget Proposal complies with City Council's objective for a zero tax levy increase. If Transit Windsor's 2016 budget request (or any other department's) is higher than the 2015 approved allocation, it could potentially mean that another City Department's service levels would have to be reduced in order for the entire corporate budget to remain within the guidelines.

Reductions to service have been known to trigger a downward spiral to transit service and should only be considered when a route is not performing to the approved revenue to cost ratios. Once some cuts begin, there is a loss of ridership which could then lead to further cuts.

While Administration recognizes the challenges of funding Transit Windsor's operating budget, it is equally important that an appropriate level of service be maintained for Windsor's residents.

PLANNING ACT MATTERS:

N/A.

APPENDICES: