



Transit Executive Committee Agenda

Council Chambers
Regional Headquarters Building
605 Rossland Road East, Whitby

Wednesday, February 5, 2020

1:30 PM

1. Declarations of Interest

2. Adoption of Minutes

- A) Durham Region Transit Executive Committee meeting –
January 8, 2020

Pages 3-10

3. Delegations

There are no delegations

4. Presentations

- 4.1 Bill Holmes, General Manager, Durham Region Transit, and Nancy Taylor, Treasurer of Durham Region Transit, Finance Department, regarding: 2020 Durham Region Transit Business Plan and Budget (2020-DRT-05) [Item 6. B]

5. Correspondence

6. Reports

- A) General Manager's Update – February 2020 (2020-DRT-04)

Pages 11-21

- B) 2020 Durham Region Transit Business Plan and Budget
(2020-DRT-05)

Pages 22-28

[Link to 2020 Durham Region Transit Business Plans and Budgets](#)

7. Advisory Committee

7.1 Durham Region Transit Advisory Committee Resolution

- A) Update on DRT Kids Ride Free Incentive Pilot Program
(2019-DRT-16)

Page 29

Recommendation: Receive for Information

8. Confidential Matters

There are no confidential matters to be considered

9. Other Business

10. Date of Next Meeting

Wednesday, March 4, 2020 at 1:30 PM

11. Adjournment

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The Regional Municipality of Durham

MINUTES

DURHAM REGION TRANSIT EXECUTIVE COMMITTEE

Wednesday, January 8, 2020

A regular meeting of the Durham Region Transit Executive Committee was held on Wednesday, January 8, 2020 in the Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby, Ontario at 1:30 PM

Present: Commissioner Collier, Chair
Commissioner Barton, Vice-Chair
Commissioner Anderson
Commissioner Bath-Hadden
Commissioner Carter
Commissioner Drew
Commissioner Mulcahy attended the meeting at 1:37 PM
Commissioner Pickles
Regional Chair Henry

Also

Present: Commissioner Crawford
Commissioner Marimpietri

Staff

Present: W. Holmes, General Manager, Durham Region Transit
J. Austin, Deputy General Manager, Business Services, Durham Region Transit
R. Inacio, Systems Support Specialist, Corporate Services – IT
A. McKinley, Deputy General Manager, Maintenance, Durham Region Transit
A. Naeem, Solicitor, Corporate Services – Legal
C. Norris, Manager, Customer Experience, Durham Region Transit
S. Pollock, Communication Coordinator, Durham Region Transit
M. Simpson, Director, Financial Planning and Purchasing, Finance Department
N. Taylor, Treasurer, Durham Region Transit, and Commissioner of Finance
A. Wismer, Economic Analyst 2, Finance Department
C. Tennisco, Committee Clerk, Corporate Services – Legislative Services

1. Declarations of Interest

There were no declarations of interest.

2. Adoption of Minutes

Moved by Commissioner Pickles, Seconded by Commissioner Barton,
(1) That the minutes of the regular Durham Region Transit Executive
Committee meeting held on Wednesday, December 4, 2019, be adopted.
CARRIED

3. Delegations

There were no delegations to be heard.

4. Presentations

4.1 Bill Holmes, General Manager, Durham Region Transit, and Nancy Taylor,
Treasurer of Durham Region Transit and Commissioner of Finance, re: 2020
Transit Strategic Issues and Financial Forecast Presentation

On behalf of Bill Holmes and Nancy Taylor; Jamie Austin, Deputy General Manager, Business Services, Durham Region Transit, and Mary Simpson, Director, Financial Planning and Purchasing, Finance Department, provided the PowerPoint presentation on the 2020 Transit Strategic Issues and Financial Forecast Report. A copy of the presentation was provided as a handout.

Jamie Austin provided an overview of the Durham Region Transit (DRT) strategic framework. He advised that the framework is comprised of DRT's 2018 to 2020 organizational objectives.

Highlights of his presentation included:

2020 Budget – Strategic Framework

- 2019 Highlights
- Service Priorities for 2020 and Beyond
 1. Improving Access
 2. Improving Connections
 3. Improving Performance
 4. Enhancing Services
- Proposed Fare Adjustments
- From Public Transit Operator to an Integrated Network of Mobility Services
- Financial and Operating Pressures

M. Simpson provided an overview of the 2020 DRT financial considerations. She outlined the operating pressures in terms of the annualization of previous years service enhancements; an aging fleet; and the general cost of DRT's operations.

Highlights of her presentation included:

Financial Implications and Outlook

- Proposed Service Adjustments
- Proposed Investing in Canada Infrastructure Program (ICIP) Project Financing (2020 - 2027)
- Capital Forecast (net of ICIP)
- Fare Revenues
- Pressures and Risks Over the Forecast

J. Austin and M. Simpson responded to questions regarding the status and terms of the PRESTO Agreement between the Region and Metrolinx; and the amount of monies received in 2019 from the Provincial Gas Tax funding. Discussion followed on the Region's obligation to continue the PRESTO electronic fare payment system to be eligible to receive the Provincial Gas Tax Funding; the PRESTO Common Core Fees; and the obligation for an overall 80 per cent adoption rate of PRESTO by each of the 905 transit agencies.

J. Austin responded to questions regarding the definition of "Ridership" being the sum of all passenger trips; and the fare revenue risks associated with the forecasted 1.8 per cent ridership growth, being less than anticipated. It was questioned whether the installation of the dedicated bus median rapid transit lanes on Highway 2 would extend east of Pickering. C. Norris advised that, at this time, the business case provides for the median rapid transit lanes to continue east to Ajax.

Moved by Commissioner Carter, Seconded by Commissioner Mulcahy,
(2) That the order of the Agenda be altered to consider Item 6. B) next.
CARRIED

6. Reports

B) 2020 Transit Strategic Issues and Financial Report (2020-DRT-02)

Report #2020-DRT-02 from B. Holmes, General Manager, Durham Region Transit, was received.

Discussion ensued regarding the limited GO Transit services to the northern municipalities; and, the costs of the DRT and GO Transit's One Fare program to use select GO Bus routes to provide connections within the Region where DRT currently doesn't operate.

Discussion also ensued regarding the DRT initiatives to be funded through the Investing in Canada Infrastructure Program (ICIP) including the procurement of DRT operator protection shields; bus shelter improvements; and the hard surfacing at bus stops in the Region. Discussion followed on the 2019 DRT fare initiatives including the Kids Ride Free pilot program, the Youth Summer 2-4-1 Pass and the Y10 (Youth 10 month) Loyalty Pass; how these initiatives impacted the 2019 DRT ridership; and if these initiatives increase the potential for future Provincial Gas Tax funds. It was questioned what a 2% increase in new ridership represents in terms of the number of riders. J. Austin advised approximately 20,000 to 25,000 riders.

M. Simpson responded to questions regarding potential opportunities for negotiations with the City of Pickering in terms of revenue contributions towards the proposed DRT infrastructure and operations for services to the new “Durham Live” entertainment district.

In response to questions, J. Austin provided an overview on the timelines and operational customer benefits and challenges of the hybrid electric buses; battery electric buses and the assessment by Oshawa Power for the required charging infrastructure at the DRT garage located in Oshawa; the timelines for the automated/autonomous shuttle one year pilot program at the Whitby Station; and the introduction of the six articulated buses on the PULSE 900 Highway 2 service by September 2020. It was noted that, pending Federal and Provincial approvals of the ICIP projects, the 11 hybrid electric buses will be deployed from the depot in the Town of Ajax and assigned to local routes.

B. Holmes responded to questions regarding the future Bus Rapid Transit (BRT) corridors through the pinch point downtown areas of the local municipalities; and, the potential parking and revenue impacts on the local area businesses and municipalities. He advised that dialogue is ongoing between Metrolinx, DRT, the local area municipalities and the interested stakeholders.

The Committee stressed how important it is for DRT to communicate transit initiatives, service options and route changes to its ridership and throughout the community.

J. Austin also responded to questions regarding the 2019 ridership numbers for the Municipality of Clarington; and whether DRT would be extending transit services to the new growth areas in Clarington. C. Norris advised that DRT is proposing an extension of the On Demand transit services into the rural areas of Clarington and piloting in the low demand areas of Pickering. It was noted that the General Manager of DRT would be attending the Clarington Council meeting in March 2020 following approval of the 2020 DRT budget, to discuss the transit model for services into the rural and low demand areas. It was also questioned when staff expect to complete the Rural Transit Review for the northern municipalities. C. Norris advised in the Spring.

Further discussion ensued regarding potential opportunities for high school students to access to DRT services to get to and from school; and, the staff report to be presented later in 2020 outlining recommendations to improve youth ridership, including trips to and from school.

B. Holmes responded to questions regarding the status of the measures being taken by DRT to reduce the transfer challenges experienced by Specialized Services customers travelling between Durham Region and Toronto; and providing a seamless integration between the borders.

When questioned whether Durham should move to zero fare public transit, B. Holmes advised that staff have initiated a review of the impacts of providing free fares for transit services in Durham Region and will report back to the Committee in the late Spring 2020 on the results of the review.

Moved by Commissioner Carter, Seconded by Commissioner Mulcahy,

- (3) A) That the 2020 Transit Strategic Issues and Financial Forecast Report be approved and forwarded to the 2020 Business Planning and Budget deliberations;
- B) That, effective May 1, 2020, the following transit fare increases be implemented, estimated to generate approximately \$270,000 in new fare revenue in 2020 based on DRT's ridership forecast of 11.25 million:
- i) The Adult single-ride PRESTO and Ticket fares to increase by \$0.05 from \$3.20 to \$3.25;
 - ii) The Youth single-ride PRESTO and Ticket fares to increase by \$0.05 from \$2.85 to \$2.90;
 - iii) The Senior and Child (if applicable subject to recommendation C)) single-ride PRESTO and Ticket fares to increase by \$0.05 from \$2.10 to \$2.15;
 - iv) The Adult and Youth Cash fare to increase by \$0.25 from \$3.75 to \$4.00; and,
 - v) The Senior and Child (if applicable subject to recommendation C)) Cash fares to increase by \$0.25 from \$2.50 to \$2.75;
- C) That the requirement for children riding free to be accompanied by a fare paying customer be removed, allowing all children 12 years of age and younger to ride transit free of charge effective March 1, 2020;

- D) That, as a result of Kids Ride Free being made permanent and subject to the requirement for children riding free to be accompanied by a fare paying customer being removed, all Child Ticket and Pass sales, PRESTO Child fares and the Ride-to-Read program be eliminated effective May 1, 2020;
- E) That the Treasurer and General Manager of Durham Region Transit be authorized to execute a one-year extension to the existing U-Pass agreement with Durham College, Ontario Tech University and Trent University (Durham Campus), including a two per cent increase in the fee per eligible student from \$139.00 per semester to \$141.75 per semester for the period of September 1, 2020 to August 31, 2021; and
- F) That a similar report be forwarded to the Finance and Administration Committee meeting of January 14, 2020.

CARRIED

This matter will be considered by the Finance & Administration Committee on January 14, 2020 and presented to Regional Council on January 29, 2020.

5. Correspondence

There were no items of correspondence to be considered.

6. Reports

A) General Manager's Report – January 2020 (2020-DRT-01)

Report #2020-DRT-01 from B. Holmes, General Manager, Durham Region Transit, was received.

Moved by Commissioner Carter, Seconded by Commissioner Barton,

- (4) That Report #2020-DRT-01 of the General Manager, Durham Region Transit, be received for information.

CARRIED

B) 2020 Transit Strategic Issues and Financial Report (2020-DRT-02)

This item was considered with earlier in the meeting. See pages 3 to 6 of these minutes.

C) Appointment of members to the Durham Region Transit Advisory Committee (2020-DRT-03)

Report #2020-DRT-03 from B. Holmes, General Manager, Durham Region Transit, was received.

Moved by Commissioner Carter, Seconded by Commissioner Drew,
(5) A) That the following nominees be appointed to the Transit Advisory Committee (TAC) for the term of this Council:

i) Nominated by local municipal Councils:

- a) City of Oshawa: Juliette Layne
- b) Township of Scugog: Ivy Liang

CARRIED

7. Advisory Committee Resolutions

There were no advisory committee resolutions to be considered.

8. Confidential Matters

There were no confidential matters to be considered.

9. Other Business

A) Durham Region Transit Executive Committee Meeting Scheduled for 2020

Moved by Regional Chair Henry, Seconded by Commissioner Barton,
(6) That the Transit Executive Committee meetings for 2020 be held on Wednesday commencing at 1:30 PM on the following dates:

- January 8, 2020
- February 5, 2020
- March 4, 2020
- April 8, 2020
- May 6, 2020
- June 3, 2020
- September 9, 2020
- October 7, 2020
- November 4, 2020
- December 2, 2020

CARRIED

B) Durham Region Transit Advisory Committee 2020 Meeting Schedule

Moved by Regional Chair Henry, Seconded by Commissioner Barton,
(7) That the Transit Advisory Committee meetings for 2020 be held on Tuesday commencing at 7:00 PM on the following dates:

- January 21, 2020
- March 24, 2020
- May 19, 2020
- September 22, 2020
- November 17, 2020

CARRIED

C) Plane Crash in Tehran, Iran

Chair Collier took a moment to reflect on the victims of the plane crash in Tehran, Iran. He advised that, as of this time, it is known that three (3) of the victims were Durham Region residents residing in the Town of Ajax; and, that the Town's flag would be at half-mast in memory of all the victims.

10. Date of Next Meeting

The next regularly scheduled Durham Region Transit Executive Committee meeting will be held on Wednesday, February 5, 2020 at 1:30 PM in the Council Chambers, Regional Headquarters Building, 605 Rossland Road East, Whitby.

11. Adjournment

Moved by Commissioner Bath-Hadden, Seconded by Commissioner Mulcahy,
(8) That the meeting be adjourned.

CARRIED

The meeting adjourned at 2:33 PM

Respectfully submitted,

S. Collier, Chair

Cheryl Tennisco, Committee Clerk

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 3702



Durham Region Transit Report

To: Durham Region Transit Executive Committee
From: General Manager, Durham Region Transit
Report: #2020-DRT-04
Date: February 5, 2020

Subject:

General Manager's Report – February 2020

Recommendation:

That the Durham Region Transit Executive Committee recommends:

That this report be received for information.

Report:

1. Purpose

1.1 This report is submitted at each Transit Executive Committee (TEC), for information.

2. Background

2.1 The General Manager Report provides regular updates on key performance measures and summaries of current activities and transit issues in Attachment #1.

3. Financial

3.1 The General Manager's Report focuses mainly on performance and service standards. There are no financial impacts associated with TEC's receipt of this report.

4. Attachment

Attachment #1: General Manager's Report – February 2020

Respectfully submitted,

Original signed by

Bill Holmes
General Manager, DRT

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer



General Manager Report

February 5, 2020

TEC

Attachment #1

Performance Measures Dashboard	2
Safety	3
Ridership	4
Service Delivery	6
Updates	7
General	8

Performance Measures Dashboard

Safety

Key performance indicator	Description	Latest Measure	Current	Target ¹	Current Variance to Target (per cent)	YTD Status ² (per cent)
Collisions	Preventable collisions per 100,000 km	December	0.31	0.69	✓ -57.0	✗ 13.8

Ridership

Conventional						
Ridership	Monthly passengers	December	819K	776K	✓ 5.5	✓ 3.1
PRESTO Ridership	Customers paying using PRESTO	December	40.5 per cent	36.8 per cent	✓ 23.8	✓ 16.3
Bus full occurrences	Number operator reported occurrences	December	92	120	✓ -23	Not previously reported
On Demand (OD) and Specialized Services (SS)						
Ridership (OD)	Number customer trips	December	122	16	✓ 663	✓ 392
Ridership (SS)	Number customer trips	December	12,947	13,361	✗ -3.1	⚠ -0.4
Trip Demand (SS)	Total of trips delivered, no show or cancelled at door, unaccommodated	December	13,383	13,472	⚠ -0.7	⚠ 0.8
Unaccommodated Rate (SS)	Trip requests not scheduled	December	1.6 per cent	0.8 per cent	⚠ 0.8	✓ -13

Service Delivery

Conventional						
On time performance	Per cent on-time departures from all stops	December	77 per cent	70 per cent ³	✓ 7	✓ 76 ⁴
Service availability	Per cent scheduled service delivered	December	98.9 per cent	99.5 per cent ³	⚠ -0.6	⚠ 99.1 ⁴

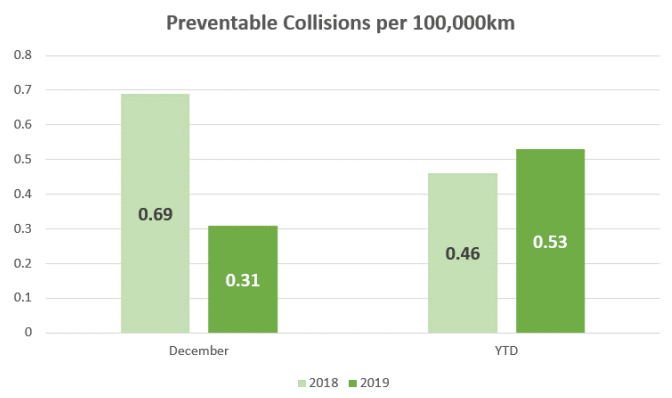
¹Target is 2018 measure for the same period as latest measure

²Year to Date (YTD) compared to previous year

³Represents annual target, not previously monitored and reported monthly prior year

⁴Current YTD status, not previously monitored and reported monthly prior year

Preventable Collisions per 100,000 km



Definition: A preventable collision is one in which the driver failed to do everything reasonable to avoid it. A collision may not be reportable to police based on the Highway Traffic Act, but for Durham Region Transit (DRT) purposes all collisions are documented and investigated.

Analysis

The collision rate for the month of December 2019 was significantly lower (55 per cent) than 2018, contributing to a 2019 annual rate of 0.53 collisions per 100,000 km, 15 per cent higher than 2018.

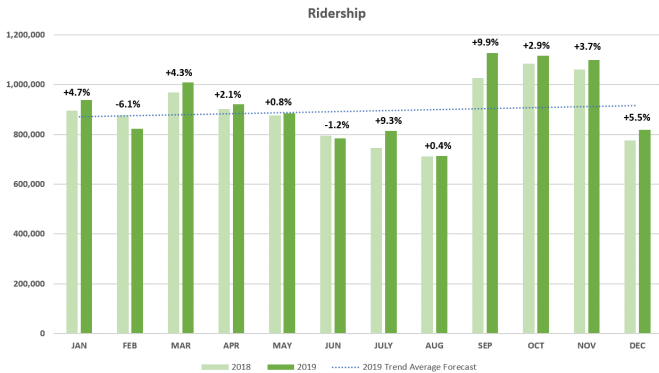
The increase in preventable collision data in 2019 is a result of improved and consistent reporting at facilities, an enhanced investigation process, and utilization of data from the expansion of the on-board surveillance system throughout the bus fleet.

Action Plan

DRT Safety and Training and the Joint Health & Safety Committees continue to monitor collision trends to identify appropriate mitigation strategies to mitigate preventable collisions.

Ridership

Conventional



Definition: Ridership is the sum of all passenger trips. A passenger trip is considered a one-way trip from origin to destination, regardless of the number of transfers that may be required. Ridership data is calculated from fare box data and data from PRESTO, GO Bus One Fare Anywhere, and On Demand.

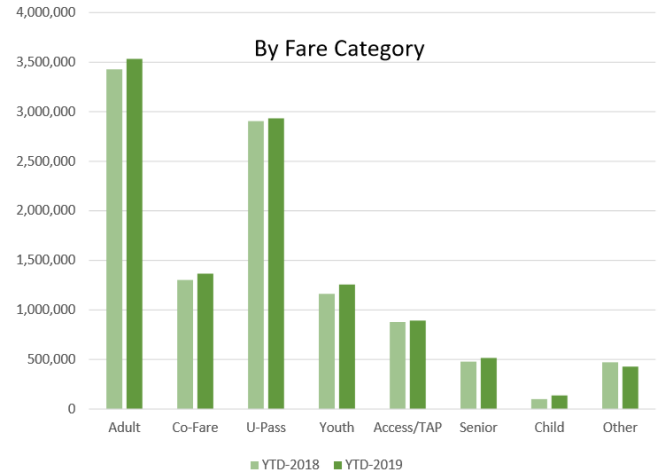
Results

Ridership on the conventional service continued to surpass 2018 and the current budget; 5.5 per cent ridership increase in December contributing to an annual increase of 3.1 per cent compared to 2018, and 3.8 per cent higher than budgeted.

Customers continue to transition to PRESTO electronic fare payment, with a year end increase of 16.3 per cent of ridership using PRESTO compared to 2018. Conversely, the

percentage of ridership using cash and paper products continues to decline, down 7.3 per cent and 7.0 per cent, respectively.

Ridership continued to improve in all fare categories.

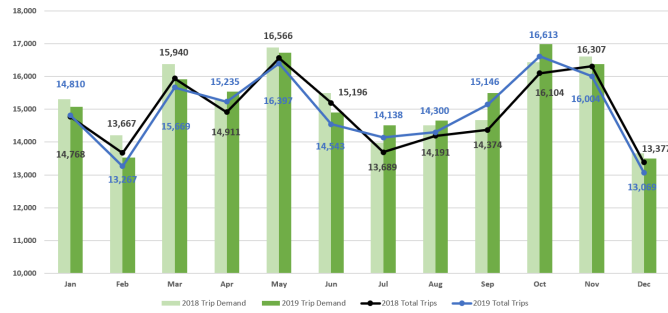


"Other" includes unclassified, underpayment and unknown

Action Plan

Consistent with the fare strategy and requirements of the operating agreement with PRESTO, DRT continue to take steps to achieve a 70 per cent adoption rate of PRESTO, which increases to 80 per cent following PRESTO implementation of the open payment service expected in approximately two-three years.

On Demand / Specialized Services



Definitions:

Ridership: A Specialized Services trip is considered a one-way passenger trip from origin to destination, regardless of the number of transfers that may be required. Ridership data is calculated from the scheduling system used by DRT Specialized Services.

Trip Demand: Trip demand is the sum of all trips delivered, no-shows and cancelled at the door, and unaccommodated trips.

Unaccommodated Rate: An unaccommodated trip is one where DRT is unable to schedule a trip for the specific requirements of the customer, or the customer declined to accept the trip option provided by the booking agent.

Results

Ridership on the On Demand service continues to exceed expectations following the September implementation of service enhancements that improved access to public transit. Ridership increased by 663 per cent for the month of December compared to 2018, contributing to an annual increase of 392 per cent.

During December, the number of Specialized Service trips delivered was 3.1 per cent lower than 2018, contributing to an annual decrease of 0.6 per cent. Trip demand in December was 0.7 per cent lower than 2018, however, the annual trip demand was higher in 2019 for the first time in four years, up 0.8 per cent over 2018.

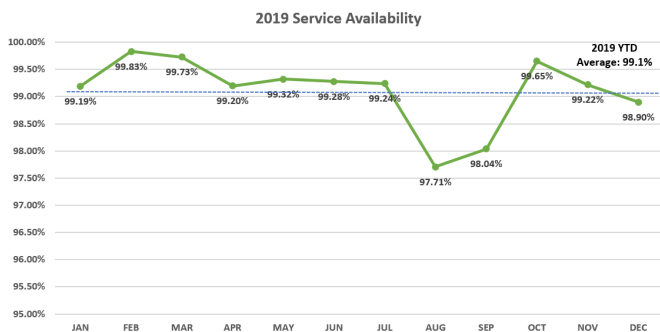
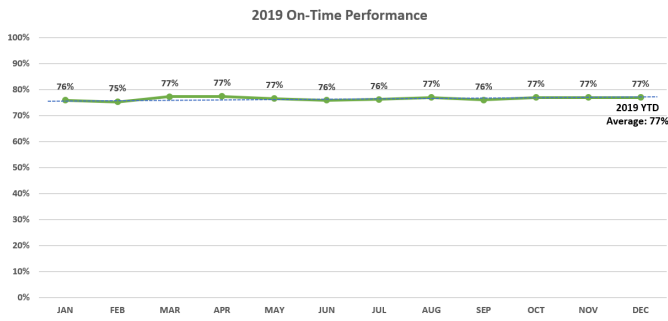
The number of unaccommodated trips for December was 1.6 per cent, twice the rate of 2018. However, the 2019 annual unaccommodated rate was 0.92 per cent compared to 1.07 per cent in 2018, a 13 per cent improvement.

Action Plan

The rural review study will be completed in April 2019 and is expected to inform further enhancements of the On Demand service to improve access throughout the Region.

Service Delivery

On Time Performance & Availability (conventional)



Definition

On-Time Performance (OTP) is a measure of the per centage of buses departing a bus stop no more than zero minutes early and five minutes late. The annual OTP target is 70 per cent.

Service availability measures the actual service delivered by DRT compared to the scheduled revenue service.

Results

OTP in December 2019 was 77 per cent, contributing to an annual OTP of 77 per cent and exceeding the 70 per cent target.

DRT delivered 98.5 per cent of schedule service hours in December, contributing to an annual availability of 99.1 per cent. There were

two significant contributors to December service availability.

- Closure of the eastbound 401 in Pickering on December 20, from early in the morning until the evening, contributing to extensive traffic congestion on adjacent roads resulting in more than 100 hours of lost service.
- Lack of buses at the Whitby location contributing to their 96.8 per cent service availability for the month.

Action Plan

DRT has consistently exceeded the OTP target of 70 per cent. In 2020 DRT will increase the OTP target to establish a challenging and realistic objective to further improve service reliability.

Improving Access

1. Status update, Specialized Services Transfers with TTC Wheel Trans

Representatives of TTC Wheel Trans continue to work with stakeholders in adjacent municipalities to advance improvements in the transfer process for customers. TTC will report back to their Board in the second quarter of 2020 to highlight opportunities, including potential cost sharing for cross border trips, and to improve transfer locations and reduce customer wait times at transfer locations.

Through December 2019, DRT and TTC have reviewed specific options for improved transfer locations but there are no final decisions at this time. DRT remain committed to service delivery integration with Wheel Trans to eliminate the need for some transfers, specifically for customers who are travelling to or from destinations close to the Durham-Toronto border.

2. Transit Procurement Initiative program (TPI)

DRT is one of 48 transit agencies that have signed a Governance Agreement with Metrolinx to participate in the Transit Procurement Initiative program. The TPI program aims to help small, medium and large size municipalities to leverage purchasing requirements, standardize product specifications, achieve process efficiencies and realize savings for transit systems. DRT has participated in procurement contracts for buses, video surveillance system, and potentially a newly developed program for bus batteries. While DRT staff participate in the development of the various RFP's and bid evaluations, we rely on the technical expertise of TPI staff throughout the procurement process to ensure vendor compliance.

Metrolinx recently informed TPI signatories that fees will now be applied to the various aspects of the procurement process with the objective to be cost neutral for Metrolinx. Participating transit agencies are currently reviewing the proposed fee structure for joint procurement contracts. One transit agency has already informed Metrolinx of their plan to withdraw from the program. DRT will be comparing the projected fees charged by Metrolinx, to the cost of hiring a dedicated technical professional(s) to develop technical bus and equipment specifications, inspection services, other contracts, and associated contract management functions.

DRT will implement the most effective procurement model as part of the 2021 budget.

3. Service Availability Challenges, Whitby

Challenges at the Whitby location were first highlighted in early December 2019, specifically the inability to provide the required number of buses. There was a service reduction in December (December 9) at which time the daily bus requirements were achieved and the contracted service provider implemented a plan to resolve the existing bus shortages. However, when service levels increased on January 6, it became apparent that the Whitby location had not recovered, and the number of customers impacted by the resulting unplanned trip cancellations was unacceptable. The lack of available buses from the contracted service provider has been attributed to staffing challenges and operational decisions regarding their assigned fleet.

DRT developed a plan on January 7, 2020, to temporarily reduce bus requirements at the Whitby location, in order to mitigate impacts to customers from cancelled trips.

1. Distributed weekday trips for route 910 to other DRT locations.
2. Selected trips on route 302 and 305 were temporarily cancelled effective January 13, 2020. Route 302 and 305 provide frequent service during the morning and afternoon peak periods and removing the select trips minimized impacts compared to lower frequency routes.
3. Implemented a communication plan with the objective to ensure customers were aware of the temporarily cancelled trips so they could adjust their daily travel.
4. Adjusted the fleet allocation between locations to maximize availability.

These actions enabled the service provider to meet the daily peak vehicle requirement, significantly reducing the number of last-minute trip cancellations. Current trip cancellations are a result of unplanned service disruptions (traffic congestion, on-board issues and customer medical incidents,

mechanical breakdowns), but the service provider does not have the available extra buses to assign to impacted trips/routes.

The service provider has implemented several measures to address their bus availability and to ensure processes are in place to meet their contractual requirements to deliver assigned revenue service and achieve a minimum service availability of 99.5 per cent. They will provide to DRT, by the end of January their planned schedule to eliminate the current bus shortages. The trips on the route 302 and 305 will be reinstated when DRT is confident that the service provider can sustain the required bus availability.

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 3702



Durham Region Transit Report

To: Durham Region Transit Executive Committee
From: General Manager, Durham Region Transit
Report: #2020-DRT-05
Date: February 5, 2020

Subject:

2020 Durham Region Transit Business Plan and Budget

Recommendation:

That the Transit Executive Committee recommends to the Finance and Administration Committee for subsequent recommendation to Regional Council that the 2020 Business Plan and Budget for Durham Region Transit (DRT) be approved.

Report:

1. Purpose

1.1 The purpose of this report is to obtain Transit Executive Committee approval of the 2020 Business Plan and Budget for Durham Region Transit. The TEC approved DRT 2020 Business Plan and Budget will be presented to the Finance and Administration Committee for consideration during deliberations of the 2020 Property Tax Supported Business Plans and Budgets.

2. Background

2.1 The recommended 2020 DRT Business Plan and Budget meets the Council approved guideline for the 2020 Property Tax Supported Business Plans and Budgets.

2.2 The 2020 DRT Business Plans and Budget supports the following key priorities:

- a. Respond to Growth and Affordability Pressures and Support the Vulnerable Sector;
- b. Innovate and Modernize Operations and Administration;

- c. Accommodate Ongoing Legislative and Regulatory Changes; and
- d. Invest in Infrastructure Renewal.

2.3 The recommended 2020 DRT Department Business Plan and Budget includes \$109.3 million in gross operating and capital expenditures requiring \$60.7 million in property tax funding with the remaining to be funded by program fees, provincial and federal gas tax funding, development charges, and reserves/reserve funds.

3. 2019 Accomplishments

3.1 As reported in the 2020 Transit Strategic Issues and Financial Forecast Report (Report #2020-DRT-02), DRT had several notable achievements related to growing ridership, improving access and advancing new investment opportunities.

- a. Achieve DRT's highest ever annual ridership with 11.05 million riders in 2019, an increase of three per cent over 2018.
- b. Launched new fare incentive initiatives including Kids Ride Free, Y10 Youth 10-month Loyalty Pass and the Transit Assistance Program (TAP) pilot.
- c. Realized a 392 per cent increase in On Demand ridership through in 2019 compared to 2018, attributed to increased access to transit including expansion of service into Brock Township, the scheduling of curb to curb trips, and reduced the lead time required to book trips.
- d. Initiated the Rural Service Review examining new and innovative service models for enhancing transit services in rural and low demand areas of the region.
- e. Expanded the fleet by four new conventional buses and three On Demand/Specialized Service vehicles and procured DRT's first six articulated buses scheduled to arrive in 2020.
- f. Installed 37 new bus shelters and hard surfacing 70 bus stops bringing DRT's total of accessible bus stops to 84 per cent.
- g. Completed the rehabilitation of DRT's Raleigh garage in Oshawa providing indoor storage for 72 buses.
- h. Submitted 14 transit projects for federal and provincial funding under the Investing in Canada Infrastructure Program (ICIP) totaling \$237 million in eligible expenditures (Report #2019-DRT-20).

- i. Secured funding for the acquisition of DRT's first battery electric buses and charging infrastructure totaling \$10.1 million from a one-time federal gas tax allocation to the Region (Report #2019-COW-31).
- j. Conducted outreach and promotion of DRT services through hosting and/or attendance at 24 public information centres, drop-in sessions and community events throughout Durham.

4. 2020 Priorities and Highlights

4.1 The proposed 2020 DRT Business Plan and Budget net property tax budget of \$60.7 million provides for the annualized budget pressures from the approval of the 2019 budget:

- a. Annualization of the 2019 service plan changes on the conventional network at a net cost of \$0.4 million; and
- b. Annualization of two new positions approved in the 2019 budget at a cost of \$0.1 million (the annualization of the positions approved as part of the services plan are reflected in the annualization of the 2019 service plan).

4.2 The proposed 2020 DRT Business Plan and Budget supports continued service enhancements, investments in growth infrastructure, maintaining core service requirements and assets, and planning the future of DRT.

- a. The proposed 2020 DRT Business Plan and Budget provides for up to 550,338 revenue hours of service (a net increase of 13,195 hours over 2019 base service hours). This includes annualization of 2019 service enhancements and 2020 service enhancements and efficiencies. The 2020 service plan includes 12,064 service hours to be phased in over 2020 and 2021. The total annual net cost of the 2020 service enhancements (net of fare revenue and savings from the end of the GO One Fare Agreement) is projected at \$0.5 million with \$0.4 million provided for in the 2020 budget with an incremental \$0.1 million to be annualized in the 2021 budget. The cost of the 2020 service plan provides for seven new conventional operators. Further details on the 2020 service enhancements and efficiencies are provided in the 2020 Transit Strategic Issues and Financial Forecast report approved by Council on January 29, 2020 (Report #2020-DRT-02).

- b. Four new permanent full-time maintenance positions (two mechanics, two service persons) required to meet the increase in service hours and growth in the DRT fleet at a cost of \$0.2 million (annualized cost of \$0.4 million).
 - c. One new permanent full-time Safety Coordinator to support workplace health and safety needs at a cost of \$0.1 million in 2020 (annualized cost of \$0.1 million).
 - d. Major capital investments totaling \$14.9 million that include the acquisition of DRT's first battery electric buses and charging infrastructure (\$10.1 million), and land acquisition costs for DRT's new storage and maintenance facility scheduled to be constructed by 2023 (\$3.8 million).
 - e. Major repair costs for vehicles approaching end of life and mid-life engine and transmission replacements and refurbishments (\$2.0 million).
 - f. Increase in the PRESTO transaction fee as specified in the Metrolinx-905 transit agency operating agreement (\$0.2 million).
 - g. Increase in route maintenance costs for snow and ice clearing including a rate increase for larger bus pads to accommodate articulated buses (\$0.2 million).
 - h. Initiate long term planning activities including DRT strategic plan (\$0.1 million) and Simcoe Street rapid transit visioning study (\$0.1 million).
 - i. Increase to soil contamination monitoring at DRT Oshawa depot (\$0.1 million).
 - j. Continue 2019 ridership incentive initiatives including Kids Ride Free, Y10 youth ten-month loyalty pass, and the Transit Assistance Program (TAP) pilot (\$0.3 million).
 - k. Ridership is projected to grow to 11.3 million passengers in 2020 (1.8 per cent increase over 2019 projected actuals) based on planned service enhancements and ridership initiatives.
- 4.3 The 2020 DRT Budget and Business Plan includes increased fare revenues through U-Pass arrangements with Durham's post-secondary institutions, annualization of 2019 fare adjustments and 2020 fare adjustments as approved by Regional Council at its meeting on January 29, 2020 (Report #2020-DRT-02).

4.4 Region capital and operating contributions totaling \$20.2 million in 2020 for the 14 Investing in Canada Infrastructure Program (ICIP) projects are not included in the 2020 DRT Budget and Business Plan. Projects include dedicated bus lane installations, fleet acquisition, safety and accessibility improvements, and modernization initiatives as described in Report #2019-DRT-20. Upon project approval by the federal and provincial governments, staff will report to Council for approval of the final financing strategy and execution of the contribution agreement(s).

5. 2020 Risks and Uncertainties

- 5.1 Several key risks may contribute to uncertainties for DRT in 2020 and beyond.
- a. Timely repair and replacement of DRT's fleet to mitigate major repair costs due to end of life and mid-life refurbishment needs.
 - b. Volatility of fuel price and weather-related impacts on operational and route maintenance expenditures. A more aggressive fuel price assumption for the 2020 budget will result in greater sensitivity to fluctuations in fuel prices throughout 2020.
 - c. Uncertainty in the timing of federal and provincial approvals of Investing in Canada Infrastructure Program projects impact delivery dates for larger infrastructure projects.
 - d. Uncertainty in the outcome from the Province's review of the Provincial Gas Tax program.
 - e. Introduction of new fee structures by Metrolinx resulting in increased fees for centralized services offered to transit agencies, including the Transit Procurement Initiative.
 - f. Broader economic performance and unemployment trends which have a direct impact on travel behaviour and transit ridership demands.

6. Future Budget Pressures

- 6.1 DRT's 2020 Budget and Business Plan includes the following items that will have impact for the 2021 budget, these include:
- a. Annualization of service changes being implemented in 2020 (estimated incremental net impact on the 2021 budget of \$0.1 million).

- b. Annualization of five new full-time positions including two Mechanics, two Service Persons and one Safety Coordinator (estimated incremental impact on the 2021 budget of \$0.3 million). This is excluding the annualization of the seven new full time Conventional Operator positions that are included in the estimate for the annualization of the 2020 service plan.
 - c. Potential reallocation of provincial gas tax funds from the operating budget back to the capital budget to meet the forecasted vehicle replacements projected for 2021 that are not subject to Investing in Canada Infrastructure Program funding.
- 6.2 Over the next four years DRT is anticipating significant budget pressures in response to population growth and customer needs, asset management requirements and modernization initiatives.
- a. Service improvements to keep pace with growth, including along rapid transit corridors and connections to new communities.
 - b. Advancing rapid transit infrastructure/facilities along Highway 2 and Simcoe Street corridors, including the financing of the Region's share of eligible and ineligible costs associated with Investing in Canada Infrastructure Program projects.
 - c. Increasing major fleet repair and maintenance requirements to address state of good repair needs, replacing vehicles at end of life, and expanding the fleet to meet service demands.
 - d. Acquisition and start-up costs (e.g. infrastructure, training, tooling) associated with fleet transition to low and zero emission vehicles.
 - e. Ongoing bus stop safety and accessibility improvements (e.g. hard surfacing, lighting installations) required by 2025 in accordance with the *Accessibility for Ontarians with Disabilities Act*.
 - f. Potential expansion of TAP, subject to pilot evaluation, to provide reduced cost transit access to the broader low-income population.
 - g. Capital and operating impacts for new maintenance and storage facility costs for North Oshawa and Seaton (including associated debt charges).

7. Conclusion

- 7.1 The recommended 2020 DRT Business Plan and Budget meets the Council approved guideline for the 2020 Property Tax Supported Business Plans and Budgets and supports DRT's role in the provision of safe, accessible and reliable public transit.
- 7.2 It is recommended that the Transit Executive Committee approve the 2020 Business Plan and Budget for DRT and forward this report to the Finance and Administration Committee for consideration during the budget deliberations of the 2020 Property Tax Supported Business Plans and Budget.

8. Attachments

Attachment #1: Detailed 2020 Business Plan and Budget for DRT are available online through the link provided on the February 5, 2020 Transit Executive Committee agenda or in hard copy by contacting the Finance Department, at (905) 668-7711 ext. 2304.

Respectfully submitted,

Original signed by

Bill Holmes

General Manager, DRT

Original signed by

Nancy Taylor, BBA, CPA, CA
Treasurer, DRT

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer

Resolution from Advisory Committees

Transit Advisory Committee

7.1. Update on DRT Kids Ride Free Incentive Pilot Program (2019-DRT-16)

That the Transit Advisory Committee (TAC) recommends to the Transit Executive Committee:

That the Transit Advisory Committee concurs with the recommendations, as outlined in Report #2019-DRT-16, as adopted at the Transit Executive Committee meeting held on October 2, 2019.