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TAMRMS#: B06

Regional Transit Services Commission (RTSC)

Presented by: Trevor Duley, Manager, Government Relations

RECOMMENDATION(S)

That the Chief Administrative Officer be directed to provide notice in writing to the Deputy Ministers of Transportation and Municipal Affairs for the Province of Alberta that the City of St. Albert supports enactment of a regulation under the Municipal Government Act creating a Regional Transit Services Commission for the Edmonton Metropolitan Region including St. Albert as a Commission member, provided that the governance, financial and operating models for the Commission are consistent with the recommendations in the Ernst & Young report entitled, "Accelerating Transit in the Edmonton Metropolitan Region: Building a Regional Transit Services Commission."

PURPOSE OF REPORT

Council has identified integrated transportation systems as a strategic priority within Council's Strategic Plan. As a component of this, Council and Administration have been supporting the establishment of a Regional Transit Services Commission (RTSC) since 2017.

The most recent phase of this work involved the creation of the Regional Transit Services Commission (RTSC) Transition Team, comprised of elected officials from all 13 municipalities of the Edmonton Metropolitan Region. This group was tasked with undertaking the necessary work to establish a Transit Commission within Provincial Regulation, with support from Ernst and Young (EY) consultants.

The Transition Team has completed the work assigned to them within the Memorandum of Understanding signed by all 13 municipalities of the Edmonton Metropolitan Region in 2017, and now the decision is before Council to stand-up the Commission, based on the final report completed by

the Transition Team, “Accelerating Transit in the Edmonton Metropolitan Region: Building A Regional Transit Services Commission.”

ALIGNMENT TO PRIORITIES IN COUNCIL’S STRATEGIC PLAN

Strategic Priority #3: Building a Transportation Network: Integrated transportation systems.

Corporate Initiative 3.4: continue to pursue an Integrated Regional Transit Commission through the transition phase.

ALIGNMENT TO LEVELS OF SERVICE DELIVERY

Establishment of the Commission will have no immediate impact on existing Transit Programs or Services at the City of St. Albert. However, as services are transferred to the Commission over time, service-levels are expected to stay the same and/or improve.

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

On September 11, 2017 Council passed the following motions:

(AR 17-317):

That the Memorandum of Understanding created by the Joint City Manager’s Regional Commuter Service Task Force for the purpose of establishing a Regional Transit Services Commission be approved; and

That Council petition the Government of Alberta for regional collaboration financial assistance as per the mutual effort requirement of the signatories outlined in Section 8.4 of the Memorandum of Understanding; and

That, contingent upon the Government of Alberta committing regional collaboration financial assistance, that Council appoint two members to the Regional Transit Services Commission Transition Team as the City of St. Albert’s representatives.

BACKGROUND AND DISCUSSION

The RTSC Transition Team met monthly through 2019, working with EY to complete their report. Throughout this time, in-camera updates were provided to Council members regarding this initiative. The Final Report was provided to Council confidentially in December and was publicly unveiled on January 22, 2020 along with all other municipalities in the region.

At a high-level, the report suggests that citizens no longer view the region through traditional boundaries and do not confine their living, learning, working and playing within a single municipality, and there is a need/want to move seamlessly across the region. The report also articulates that an RTSC would better enable municipalities to work together to align transit services and advance an integrated regional transportation network while also synchronizing land use planning initiatives.

Highlights from within the final report include:

- Purpose, Vision, and Mission for the RTSC (p. 7)
- Conceptual Transit Services Design (p. 10):

- A conceptual design for intermunicipal services focuses on Major Trip Attractions and industrial employment areas; some municipalities that currently have no service would be provided express routes in the future
- Operating Model (p. 11):
 - 2020-21 would be spent preparing for upload of regional and local services for all participating municipalities, except for the City of Edmonton (who is expected to maintain their local services until after 2026)
 - The method of delivering these services will need to be determined through 2020-21 (i.e. contract back, asset transfer, etc.)
 - The Final Report includes a suggested organizational structure for the RTSC, and will eventually grow to be between 30-50 FTEs through 2021-2025, excluding operations and maintenance staff
 - The current intermunicipal routes provided by the City of St. Albert include 201, 202, 207, 208, and 211 that would be replaced with Conceptual Service Rapid Transit #1 Route; along with Route 205 and Conceptual Transit Service Regional Express #6 Route; and Route 203 with Conceptual Transit Service Regional Express #7 Route (p. 97)-this equates to a total of 1,570 service hours per week
 - The Final Report notes that:
 - “With the implementation of the RTSC, St. Albert would benefit from maintaining direct, rapid connections to Edmonton, new one-seat trips to Strathcona County and Fort Saskatchewan seven days a week, and new access to Morinville during peak hours. These services go above and beyond current offerings of St. Albert Transit and improve customer experience by providing more connections with less transfers. St. Albert also benefits from access to the wider regional network which connect key destinations across the region.” (p. 105)
- Governance Model (p. 62):
 - The initial Board for the RTSC will be represented by one Council member from each participating municipality (subject to Provincial Regulation);
 - The intent is that the Governance Model will be reviewed 2 years into operations
 - Subject to Provincial Regulation and ultimate RTSC approval/adoption of Corporate Bylaws, a double two-thirds majority voting structure will be used for major strategic or financial decisions; and a simple majority for others (p. 68).
 - The double-majority is determined based on the municipality’s cost allocation, plus one vote per municipality.
- Implementation Plan (p. 117):
 - Submission of regulatory application to Government of Alberta Spring 2020
 - Approval from the Government of Alberta is expected by end of 2020
 - Initial roll-out of regional services planned for July 1, 2022

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

In creating “Accelerating Transit in the Edmonton Metropolitan Region: Building a Regional Transit Services Commission,” no widespread public engagement activities were used. Instead, there were several targeted stakeholder engagement sessions regarding the current and future state of transit

services in the region. St. Albert was represented by representatives from the Sturgeon Hospital and the City's Youth Advisory Committee.

Throughout the project, stakeholders from across all 13 municipalities have been involved, at both an elected and an administrative level. Stakeholders have also included Alberta Transportation, Alberta Municipal Affairs, the Edmonton Metropolitan Region Board, Edmonton Global, and First Nations Reserves located in the region. Additional stakeholders in focus group sessions included post-secondary institutions, Chambers of Commerce, and more.

Once the Commission is stood-up, a more detailed level of public engagement is anticipated to occur, as the Commission prepares for service deployment starting in 2022. These costs are included within the Start-Up costs identified in the report.

This engagement would commence in 2021 and carry through to 2022.

IMPLICATIONS OF RECOMMENDATION(S)

At this point in time, the decision before Council is whether or not to support an application to the Provincial Government to establish a RTSC within Provincial Regulation, consistent with the approach identified within the EY Report. If there were a significant change in circumstances that could no longer make the Commission viable, Administration would not submit the application and would report back to Council.

Once participating municipalities are finished determining their involvement to support the application to the Province, the Transition Team will meet to ensure the application is submitted for Spring 2020 and would begin taking concurrent steps to execute the Implementation Plan (the "Pre-Implementation" Phase), which includes taking steps to hire the CEO and detailed work regarding asset transfer, transit contracts, and enterprise technologies.

Financial:

The Transition Team's report identifies an anticipated regional savings of \$5.5 Million per year in efficiencies, starting in 2026, which includes new intermunicipal transit routes, including buses between St. Albert and Morinville. The cost of running the Commission is estimated to be slightly over \$2 Million per year, which means projected regional net savings amount to \$3.4 Million when compared to the Base Case of continuing to operate separate transit agencies. These savings are calculated by taking the anticipated hourly service savings realized through consolidation of transit services and multiplying those hourly savings by the cost per hour of delivery. Table 45 (p. 128) highlights the anticipated savings. The section entitled 'Service Efficiencies' (p. 135) provides additional details on the magnitude of those savings and how they are realized. Further details related to specifics on how the savings in service hours are realized can be found in the Service Hours Required section (p. 107).

Current State: In 2019, the City's Transit operating costs were budgeted at \$9.3 Million, and in 2020 are budgeted to be \$9.8 Million.

Status Quo Projected Costs: As part of the Ernst and Young report, City of St. Albert Administration provided a "Base Case" of future costs, if the City were not to join the Commission (status quo). These future costs were estimated to range from \$10.7 Million in 2022 to \$11.5 Million in 2026 (p. 130).

Commission Model Projected Costs: Through the Commission model, the City's requisition would range from \$10.6 Million in 2022 to \$11.4 Million in 2026 (p. 141).

Savings: Compared to the "Base Case" scenario, the Regional Commission model would save just over \$406,000 between 2022 and 2026 (p. 142). The savings range from \$77,000 to \$82,000 per year through this timeframe for the City of St. Albert.

The Commission model is also anticipated to provide improved levels of service for inter-municipal services at these costs.

Start up costs of \$881,000 have been identified for 2020. St. Albert may be required to provide short term funding to cover its share, which is estimated to range from \$169,000 to \$276,000 depending on the number of municipalities that sign up. This would be repaid by the Commission once it is established. Provincial engagement is currently underway to offset all or a portion of start-up costs related to the Commission, to achieve regional savings in an expedited fashion and which would reduce or eliminate the City's liability.

Upon initiation of the next phase of work, once Council deliberations have finished within the region, and subject to the outcome of Provincial engagement for start-up costs, Administration will request Council approval for funding of the 2020 start-up costs.

Legal / Risk:

As implementation occurs, there will be further legal and legislative implications that need to be considered by the Commission, Council, and Administration. Much of this will likely be clarified through Provincial Regulation, and eventual adoption of corporate bylaws by the Commission.

Program or Service:

Establishment of the Commission will have no immediate impact on existing Transit Programs or Services at the City of St. Albert. However, as services are transferred to the Commission over time, service-levels are expected to stay the same and/or improve.

Organizational:

Administrative resources will be required to continue to support the application to the Government of Alberta, and the RTSC Transition Team (which will act as the interim Commission Board) up until the RTSC Commission is officially stood-up. It is anticipated this work can be incorporated within existing staff capacity.

Once the Commission is stood-up and begins to assume delivery of transit services within the region, there could be staffing impacts to St. Albert, subject to how these services are delivered. These impacts will be further understood as this next phase of work progresses.

From a governance perspective, a double-majority voting structure exists to ensure the interests of participating members are maintained.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

If Council does not wish to support the recommendation, the following alternatives could be considered:

Alternative 1. Council could choose not to support the application to the Government of Alberta to establish a Regional Transit Services Commission within Provincial Regulation. If this action is taken, Administration would cease all work on this initiative. If a Commission is stood-up without the City of St. Albert, the City would need to maintain a relationship with the Commission regarding both transit and land-use planning, and may incur additional costs as a result, and will not benefit from regional cost-savings and efficiencies. The opportunity to join in the future could be more difficult than to join from the outset.

Alternative 2. Council could postpone a decision on this matter to the February 18, 2020 Council Meeting.

Report Date: February 3, 2020

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Committee/Department: Office of the Chief Administrative Officer

Deputy Chief Administrative Officer: Kerry Hilts

Chief Administrative Officer: Kevin Scoble