



City of
Peterborough

To: Members of the General Committee

From: Jasbir Raina, Commissioner of Infrastructure and Planning Services

Meeting Date: May 8, 2023

Subject: Transit Budget Considerations, Report IPSTR23-003

Purpose

A report to recommend reductions to the 2023 Transit service levels to meet the approved 2023 Transit Operating Budget requirement.

Recommendations

That Council approve the recommendations outlined in Report IPSTR23-003, dated May 8, 2023, of the Commissioner of Infrastructure and Planning Services as follows:

- a) That the Council approved 2023 Transit Operating Budget be amended to reflect the net required operational savings of \$941,000 as shown in Appendix C;
- b) That the saving of \$794,802 (Appendix A) be realized by implementing the following Transit service level reductions, effective June 25, 2023, with the exception of Statutory Holiday service, which will be implemented effective July 2, 2023:
 - i. That Transit Service be discontinued at 8:00 p.m. on Saturday evenings, representing four hours of service operation reduction across all services except the Route 5 and Route 6;
 - ii. That Statutory Holiday Service be eliminated effective July 2, 2023, to allow for the operation of Canada Day service;
 - iii. That all Weekday Community Bus Service be discontinued;
 - iv. That all Weekend Community Bus Service be discontinued; and

- v. That Transit Service be discontinued on Sundays except the Route 5 and Route 6.
- c) That to achieve the balance savings of \$146,198 (\$941,000 less \$794,802), staff explore the options in consultation with the Transit Liaison Committee.

Budget and Financial Implications

Approval of the recommendations will reduce actual operational costs to align with the Council Approved 2023 Transit Operating Budget.

The 2023 Transit Operating Budget net savings requirement is \$1,051,456. As a result of service level adjustments, an estimated revenue reduction of \$110,000 has been approved, reducing the net savings requirement to \$941,546 (for calculations rounded off to \$941,000).

The adoption of identified cost saving measures noted in this Report will impact not only the 2023 Operating Budget, but future budgets as well.

Background

Council Resolution

At its meeting of January 17, 2023, in considering the Proposed 2023 Transit Operating Budget, Finance Committee resolved that staff reduce the 2023 Proposed 2023 Transit Operating Budget by \$1,051,456 (5.8%), in gross spend or 0.56% on the 2023 All-Inclusive Rate. An estimated reduction in revenue from ridership related to service level adjustments of \$110,000 was approved, reducing the net savings requirement to \$951,456.00 in net spend or 0.50% on the All-Inclusive Rate. This report is in response to that resolution and makes recommendations respecting the necessary operational changes required to meet the approved budget.

2023 Proposed Transit Operating Budget

Consistent with many other municipal public transit services, Peterborough Transit continues to be faced with fiscal challenges arising from inflation and service demands. The pressures of the pandemic through 2022, and residual effects through 2023, contributed to revenue losses and increased operating costs. No service increases or expansion were contemplated in the proposed 2023 operating budget.

The increased cost of wages (\$289,000), fuel (\$667,000) and vehicle-related maintenance and materials to ensure state of good repair and an increase to insurance were the primary drivers of the proposed 2023 budget increase. Fuel costs are showing some early reductions, which is welcome news, however, given the volatility of the worldwide markets, the budgetary pressure and the associated risk of depending on a reduction in fuel prices alone to meet budget, remains unlikely. Representing 80% of the proposed operating budget, these costs are directly associated with the delivery of

public transit service. If no changes are made to reduce service levels, net costs will likely begin to exceed the approved budget by late September – early October 2023, as service levels increase to meet the demands of ridership returning to work and school.

Service level reductions will achieve the required net operating savings of \$794,802.00. Adjustments to these line items entries will be incorporated into the 2023 approved Transit Operating Budget based on Council direction, as outlined in Appendix C.

The proposed 2023 Transit Operating Budget presented to Council was based on estimated fare revenues from a base year of 2019. Revenue forecasts assumed that post-secondary ridership would return to within 85% of pre-COVID levels by the end of 2023, with a more gradual return expected for other transit customers. This assessment was based on the implementation of the full network service through the 2023 service year. This significantly impacted fare revenue recovery through 2023.

Impact of Budget Freeze

A careful analysis of all options for budget reductions were made to maximize financial impact and minimize impacts to ridership, however, a reduction in service levels can be expected to have a significant affect on customers at a time when transit is working to rebuild ridership and there is community demand for increased service. Reducing the net requirement only through service level reductions represents approximately 12,500 service hours, compressed over a six-month period, equalling at least 12 full time equivalent operating position hours. An additional impact to staff will be that 2 consecutive days off will not be available to approximately 20 drivers.

Total service level reductions outlined in Appendix A will directly impact an estimated 58,588 riders. The impact of each consideration on ridership is detailed in Appendix A; however, this number is an estimate of direct impact only as transit service operates on connections between routes across the City which will present connection challenges to additional riders and may result in a break for some trip connections required to get customers where they need to go.

The ridership estimate reflects COVID recovery ridership levels in September 2022 which are low. Ridership is expected to increase in September 2023, which will affect the reliability of estimates in Appendix A.

It is anticipated that the reduction to service levels associated with the Approved 2023 Transit Operating Budget may exceed the estimated revenue reduction of \$110,000, as the full effect on customers, ridership levels and post-secondary contracts which are based on current service levels and did not contemplate service reductions, will need to be evaluated through the contract negotiation process following direction to implement reductions.

In addition to community ridership impacts, the potential impact of service level reductions on the Selwyn Rural Transit Service (“The Link”) connecting City residents and rural community riders at Trent University will also need to be evaluated following direction to implement and the contract negotiation.

A direction to return to pre-2023 service levels and any additional recommendations for service adjustments and enhancements will be considered in consultation with the Transit Liaison Committee and will impact future budgets.

Additional Consideration

Council may wish to consider a transfer from the Transit Capital Reserves to the 2023 Transit Operating Budget. This is a temporary measure that will have significant impact in future budgets and, given the risk, is not being presented as a recommended option. This option would, temporarily, offset the impact of recommended service level reductions. The annual Transfer to Transit Capital from Transit's operating budget optimizes opportunities for the Division to leverage funding from federal-provincial programs. Transit is one of five priority areas identified in the Investing in Canada Infrastructure Program (ICIP), offsetting the cost of new bus purchases, the transit garage and other key infrastructure projects by up to 73.3%. In contemplating this option, the shortfall would need to be addressed through an increase to subsequent annual Transit Operating Budgets to mitigate the risk of insufficient available budget to participate in available funding programs.

Summary

Some service level changes need to be implemented to bring net cost of the 2023 service levels in line with the Approved 2023 Transit Operations budget. This report recommends a number of options to achieve the net savings requirement through service level reductions.

Submitted by,

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Attachments:

Appendix A – Summary of potential changes to the 2023 Transit Operating Budget
Appendix B – Summary of Transit Services
Appendix C – Revised 2023 Transit Operating Budget

Appendix A

Summary of potential changes to the 2023 Transit Operating Budget

Measure	Estimated Savings	Estimated # of Riders impacted
Savings Measures		
Discontinue Saturday Evening Service at 8pm (Routes 5/6 operate)	\$38,120.00	4,420
Eliminate Statutory Holiday Service (except Canada Day)	\$100,280.00	11,736
Eliminate Community Bus Weekend Service	\$52,534.00	9,360
Eliminate Community Bus Weekday Service	\$151,520.00	33,072
Eliminate Sunday Service (Routes 5/6 operate)	\$452,348.00	
Total	\$794,802.00	58,588
Approved Estimated Ridership/Revenue Reduction		
Total	\$794,802.00	

Appendix B

Summary of Impacted Transit Services

Eliminate Community Bus Weekend and Weekday Service

The Community Buses are popular with customers who typically use the Accessible Van Service or find using the regular bus difficult due to mobility constraints and other accessibility needs. It is also popular with employees who work at the Hospital and Malls. All services transfer between the regular routes and the community bus to get customers where they need to go.

Route #21 Green (this route was suspended in the fall of 2022) Community Bus serves the Applewood Retirement Residence, St. Joseph's at Fleming, Kawartha Heights Retirement, Talwood Court Community, the Wellness Centre and Mapleridge Recreation Centre.

Route # 22 Blue Community Bus serves Walmart at Chemong, Portage Place via Milroy Drive, Towerhill Road, Hilliard Street, Marina Drive, Water Street, Dutton Road, Dumble Avenue, Barnardo Avenue, George Street North, Charlotte Street, the Hospital, and Medical Drive to Hedonics Circle.

Route #23 – Red Community Bus serves Lansdowne Place at the Superstore, the Parkway Centre (FreshCo), Royal Gardens, Talwood Court, the Hospital., Hedonics Circle, 486 Donegal Street, Romaine Street, Aylmer Street, King George Street and McKeller Street.

Discontinue Saturday Evening Service at 8:00 p.m. (Routes 5/6 operate)

Route 5 and Route 6 Sherbrooke would operate to provide a minimum level of service to Trent and Fleming across the City. Route 5 The Parkway operates through the southwest corner of the city between the downtown terminal and Fleming College, serving the Goodfellow Road community, Shorelines Casino, the Fisher Drive business area and Airport Road. Route 6 Sherbrooke operates through the central core of the city linking Trent University West Bank, the downtown terminal, and Fleming College. It also serves the Cumberland Avenue, Hilliard Street, Sherbrooke Street and Brealey Drive communities. The route primarily travels along Charlotte Street, Clonsilla Avenue and The Parkway. Accessible van service will operate for mobility customers through the service day. Community-based ridership not travelling between Trent or Fleming and the terminal, including students who are currently served by other regular services across the City, will have no access to service.

Eliminate Sunday Service (Routes 5/6 operate)

As with the discontinuation of Saturday evening services at 8pm, Route 5 and Route 6 will continue to operate to provide a minimum level of service to Trent and Fleming across the City. Accessible van service will operate for mobility customers through the

service day. Community-based ridership not travelling between Trent or Fleming and the terminal, including students who are currently served by other regular services across the City, will have no access to service.

Eliminate Statutory Holiday Service (except Canada Day)

This service was introduced in 2016 and provides to and from home connections for people travelling outside of the City for holidays or returning to the City following the summer holiday season. Customers access local shops for Boxing Day and students and workers return to the City on Labour Day. The service provides an affordable option for those who need to get to work on holidays.

Appendix C - Revised 2023 Transit Operating Budget

**2023 Operating Budget
Public Transit Operations**

	2023 Recommended	As a % of Total	Council motion reduction	2023 Amended Budget	As a % of Total
Expenditures					
Personnel	11,619,173	60.26%	-501,000	11,118,173	60.99%
Contractual	1,265,423	6.56%		1,265,423	6.94%
Materials & Supplies	3,747,908	19.44%	-550,000	3,197,908	17.54%
Repairs and Maintenance	182,481	0.95%		182,481	1.00%
Debt Charges	125,620	0.65%		125,620	0.69%
Fees	439,507	2.28%		439,507	2.41%
Interdept charges & Recoveries	1,193,351	6.19%		1,193,351	6.55%
Rentals	5,000	0.03%		5,000	0.03%
Travel & Training	55,250	0.29%		55,250	0.30%
Contributions to reserves	648,000	3.36%		648,000	3.55%
Total Expenditures	19,281,713	100.00%	-1,051,000	18,230,713	100.00%
Revenues					
Fees & Service Charges	5,835,679	76.28%	-110,000	5,725,679	75.93%
Contribution from Reserve	1,815,000	23.72%		1,815,000	24.07%
Contributions from Capital Fund	0	0.00%		0	0.00%
Total Revenues	7,650,679	100.00%	-110,000	7,540,679	100.00%
Net Requirement	11,631,034		-941,000	10,690,034	
Non- Discretionary					
Debt Charges	125,620				
Fees	439,507				
Interdept charges & Recoveries	1,193,351				
Repairs and Maintenance	182,481				
Contributions to reserves	648,000				
Total NO-discretionary as a % of Total	2,588,959				
Total Non Discretionary as a % of Total	13.43%				
Discretionary					
Personnel	11,619,173				
Contractual	1,265,423				
Materials & Supplies	3,747,908				
Rentals	5,000				
Travel & Training	55,250				
Total Discretionary	16,692,754				
Total Discretionary as a % of total	86.57%				