Transit Committee

Agenda

Thursday, December 15, 2016
9:00 a.m. – 11:30 a.m.
La Cite Francophone – Hall Jean-Louis Dentinger
8627 Rue Marie-Gaboury (91 Street), Edmonton

Agenda Items

1. Call to Order – Councillor Wes Brodhead, Chair
2. Chair Opening Remarks
3. Approval of Agenda – Councillor Wes Brodhead, Chair
4. Approval of Minutes of September 22, 2016 – Councillor Wes Brodhead, Chair
5. Provincial Transit Strategy Re-engagement Recap
6. Project Updates
   6.1 Regional Household Travel Survey (verbal) – Neal Sarnecki, Project Manager
   6.2 Specialized Transportation Needs Assessment (verbal) – Neal Sarnecki, Project Manager
7. HOV/Transit Priority Study
   7.1 Board meeting follow up – Neal Sarnecki, Project Manager
   
   **Recommended Motion:** That the Transit Committee recommend the Capital Region Board endorse the Capital Region High Occupancy Vehicle (HOV)/Transit Priority Study Report and support Strathcona County and Edmonton to develop a Baseline Road HOV/TPM Pilot Study as Phase 2 of the HOV/TPM Study.
8. Transit Governance
   8.1 Joint Edmonton/St. Albert Transit Discussions
9. Edmonton Metropolitan Region Growth Plan
   9.1 Growth Plan Implementation (verbal) – Sharon Shuya, Project Manager
10. Transit Committee 2017/18 Budget – Malcolm Bruce, CEO
11. Adjournment
Transit Committee

Thursday, September 22, 2016
9:00 a.m. – 11:30 a.m.
La Cite Francophone – Hall Jean-Louis Dentinger
8627 rue Marie-Anne-Gaboury (91 Street), Edmonton

Members:
Wes Brodhead, City of St. Albert (Chair)
Dave Anderson, Strathcona County
Susan Evans, Sturgeon County
Gale Katchur, City of Fort Saskatchewan
Michael Walters, City of Edmonton
Dana Smith, City of Leduc
Searle Turton, City of Spruce Grove

Guests:
Nolan Crouse, Board Chair
Susan Amerongen, CTV
Kevin Bamber, St. Albert Transit
Roberta Bell, CBC
Nick Berry, City TV
Gibby Davis, City of Edmonton
Anthony Dionigi, City of Fort Saskatchewan
Trevor Duley, Sturgeon County
Jim Farrell, Public (Leduc County)
Morris Gamblin, Global
John Hanson, CTV
Michelle Hay, City of Leduc
Patrick Inglis, City of Spruce Grove
Brandy Kelly, City of Leduc
Judy Koschade, Town of Bruderheim
Marnie Lee, Strathcona County
Kathy Lewin, Town of Beaumont
Joan Mmbaga, Alberta Transportation
Chadwick Paddick, City of Fort Saskatchewan
Vipesh Pratap, Global
Orlando Rodriguez, Alberta Transportation
Claire Theobald, Edmonton Sun/Journal
Lynette Tremblay, City of St. Albert
Erin Toop, City of Edmonton
Kevin Wenzel, City of Leduc
Forest Yang, Strathcona County

1. Call to Order

Chair, Wes Brodhead called the meeting to order at 9:00 a.m.
2. Chair Opening Remarks

3. Approval of Agenda

   It was approved by unanimous consensus that the Agenda of September 22, 2016 be approved by the Transit Committee.

4. Approval of Minutes of July 28, 2016

   Motion: That the Transit Committee minutes of May 26, 2016 be approved.
   Moved by: Councillor Dana Smith, City of Leduc
   Decision: Carried unanimously

5. Transit Advocacy

   5.1 Provincial Public Transportation Policy (verbal)

       Presentation by Ashley Bhatia, Alberta Transportation.

   5.2 Federal Public Transit Infrastructure Fund (PTIF) (verbal)

       Presentation by Neal Sarnecki, Regional Project Manager, CRB.

6. Project Updates

   6.1 Regional Household Travel Survey (verbal)

       Committee members elected to advance the agenda to item 6.6.2 while awaiting the arrival of Erin Toop, City of Edmonton.

   6.2 Specialized Transportation Needs Assessment (verbal)

       Presentation by Neal Sarnecki, Regional Project Manager, CRB.

7. HOV/Transit Priority Study

   7.1 Final Report Presentation

       Motion: That the Transit Committee recommend the Capital Region Board endorse the Capital Region High Occupancy Vehicle (HOV)/Transit Priority Study Report and support
Edmonton and Leduc in working with the Province to develop a QE2 HOV/TPM Pilot Project.

Councillor Susan Evans, Sturgeon County, put forward a friendly amendment to have the “Leduc County” included into the motion. The friendly amendment was accepted.

**Motion:** That the Transit Committee recommend the Capital Region Board endorse the Capital Region High Occupancy Vehicle (HOV)/Transit Priority Study Report and support Edmonton, Leduc and Leduc County in working with the Province to develop a QE2 HOV/TPM Pilot Project.

Mayor Gale Katchur, Fort Saskatchewan, requests recorded votes for motions made under Item 7 on the Agenda.

**Moved by:** Councillor Dana Smith, City of Leduc  
**Decision:** Carried

**In Favor:** Edmonton, Leduc, Spruce Grove, St. Albert, Strathcona County and Sturgeon County  
**Opposed:** Fort Saskatchewan

**Motion:** That the Transit Committee direct CRB Administration in advance of Phase 2, to work with Strathcona County and Edmonton to provide a more detailed analysis of a possible HOV/TPM Pilot Project along Baseline Road.

Mayor Gale Katchur, Fort Saskatchewan, put forward a friendly amendment to have the “Capital Region Board” included into the motion. The friendly amendment was accepted.

**Motion:** That the Transit Committee recommend the Capital Region Board direct CRB Administration in advance of Phase 2, to work with Strathcona County and Edmonton to provide a more detailed analysis of a possible HOV/TPM Pilot Project along Baseline Road.  
**Moved by:** Councillor Michael Walters, City of Edmonton  
**Decision:** Carried

**In Favor:** Edmonton, Leduc, Spruce Grove, St. Albert, Strathcona County and Sturgeon County  
**Opposed:** Fort Saskatchewan
Motion: That the Transit Committee forward the Capital Region High Occupancy Vehicle (HOV)/Transit Priority Study Report to the Land Use & Planning Committee for its input.

Moved by: Mayor Gale Katchur, City of Fort Saskatchewan

Decision: Carried unanimously

6. Project Updates...continued

6.1 Regional Household Travel Survey (verbal)

Presentation by Erin Toop, City of Edmonton.

8. Transit Governance

8.1 Joint Edmonton/St. Albert Transit Discussions

Update given by Councillor Michael Walters, City of Edmonton.

9. Adjournment

The Chair declared the meeting adjourned at 11:28 p.m.

Next Meeting: November 24, 2016 at 9:00 a.m., La Cite Francophone – Hall Jean-Louis Dentinger

Committee Chair, Councillor Wes Brodhead
Capital Region High Occupancy Vehicle/Transit Priority Study – Board Follow Up

Recommended Motion

That the Transit Committee recommend the Capital Region Board endorse the Capital Region High Occupancy Vehicle (HOV)/Transit Priority Study Report and support Strathcona County and Edmonton to develop a Baseline Road HOV/TPM Pilot Study as Phase 2 of the HOV/TPM Study.

Background

- On September 22, 2016, the Transit Committee approved three motions:
  1. That the Capital Region Board endorse the Capital Region High Occupancy Vehicle (HOV)/Transit Priority Study Report and support Edmonton, Leduc and Leduc County in working with the Province to develop a QE2 HOV/TPM Pilot Project;
  2. That the Capital Region Board direct CRB Administration in advance of Phase 2, to work with Strathcona County and Edmonton to provide a more detailed analysis of a possible HOV/TPM Pilot Project along Baseline Road; and,
  3. That the Transit Committee forward the Capital Region High Occupancy Vehicle (HOV)/Transit Priority Study Report to the Land Use & Planning Committee for its input.

- On October 27, 2016 the Study was presented to the Land Use & Planning Committee. Following the presentation and discussion the Land Use & Planning Committee approved the following motions:
  1. That the Land Use & Planning Committee ask the Capital Region Board to identify which Committee is taking the lead on the Capital Region High Occupancy Vehicle (HOV)/Transit Priority Study going forward.
  2. That the Land Use & Planning Committee recommend that the Province provide new funding and resources for the Capital Region High Occupancy Vehicle (HOV)/Transit Priority Study.

After the discussion and motions on the Study the Land Use & Planning Committee received a presentation from Alberta Transportation on their QEII Corridor Study. Accordingly, the Committee was advised that the QEII study is also considering HOV as a congestion management strategy.

- On November 10, 2016, Board considered all the motions above and approved the following motion from the floor:

  That the Capital Region Board receive the Capital Region High Occupancy (HOV)/Transit Priority Study and postpone the matter to a future date pending motion clarification.

Rationale

- The Province has recently advised the CRB that their current QEII Corridor Study is considering HOV/TPM as a congestion management strategy on the highway. Rather than duplicate the work of the Province, as proposed in the Transit Committee’s first motion above, it is recommended that the second motion, directing CRB Administration to work with Strathcona County and Edmonton to provide a more detailed analysis of a possible HOV/TPM Pilot Project along Baseline Road, be elevated as a priority, and forwarded to the Board for approval.
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1. Overview

The Metro Edmonton Region is growing rapidly, and with the growth comes the need to proactively manage how regional services are delivered. Transportation is one of the most critical services requiring regional coordination. Travel does not respect jurisdictional boundaries. To minimize the negative impacts of growth – sprawl, congestion, emissions and quality of life – and set the Metro Region up to be livable, efficient and globally competitive, requires regional integration of transportation.

In March 2016, the Councils of the Cities of St. Albert and Edmonton established a Regional Commuter Service as a preferred model for initial transit service integration and directed their staffs to evaluate options for establishing an integrated commuter service for the two cities. In June 2016, the Metro Mayor’s Alliance issued a panel report on Metro Edmonton’s future and established ‘integrated regional transit’ as one of three cornerstones for regional service integration to advance the Metro Region’s economic, social and environmental future.

The Stewart Group was retained to develop principles for governing the commuter service entity, evaluate options for delivery, consider costs and benefits, and to consider potential for expandability.

This report outlines the following:

- Discussion of the current state of transit governance in the Metro Region
- Summary of key learnings from a scan of transit governance practices in Canada
- A discussion of costs and benefits to the Metro Region
- Principles for good governance and for Commuter Service Entity design
- Commuter Service Entity recommendations in the following areas
  - Governance and funding
  - Service concept
  - Service delivery
  - Transition/Implementation strategy

The potential directions outlined in this report are based on the following activities/deliverables:

- Jurisdiction Assessment (Agency Scan) Report
- Interviews with agency staff from Canadian Agencies
- Interviews with St. Albert and Edmonton senior management
- Interim report
- Senior Leadership Workshop (July 2016) and supporting documents

This report provides summary level findings based on these.
2. Key Conclusions and Recommendations

This report provides the following direction for the establishment of a regional commuter service for the Metro Edmonton Region.

In terms of overarching approach and philosophy, this report proposes that:

1. The establishment of a commuter service model be done on the strong foundation of global evidence and best practice, and backed by the Metro Mayors’ Advisory Panel, that regionally integrated management of transit service delivers better shared outcomes. Integrated transit is a pillar of a stronger regional economy.

2. The philosophy of “shared investment, shared benefit” underpin the advancement of the entity, and that the business case should rest on an assessment of net regional benefit on a balance of financial, social and environmental terms.

3. A fuller accounting of financial impact at the municipal scale, be undertaken, and in the context of regional costs and benefits. A preliminary assessment of costs of separating local services from regional services (primarily in St. Albert) has provided some initial indicative costs for service delivery changes. A fuller net impact analysis considering other direct service and administrative costs, as well as broader regional benefits should also be undertaken.

4. Entity design focused on principles of good governance for transit, as contained in this report, with a focus on accountability, transparency and clarity of purpose. Most important is that public policy accountabilities (e.g. taxation, priority setting) be clearly identified at the outset and that the governing body overseeing these be primarily constituted of publicly elected officials.

5. In keeping with the “shared benefit, shared investment approach” that participating municipalities in the regional transit entity should be protected against transition costs to a new entity. Any higher costs to transition to achieve the benefits of a regionalization of transit service should be funded from short term provincial grants, or new long term regional funding sources.

6. The Metro Region begin taking a phased approach to implementation, resolving issues progressively through the implementation process.

In terms of Entity Design, this report proposes that:

1. The principles for entity design contained in this report guide implementation.

2. The Commuter Service Entity be phased in scope of services, with the initial service to include only intercity services, with longer term consideration for inclusion of Edmonton Express Bus services, regional LRT or other mass transit service, and potentially all public transit services in the Metro Edmonton Region.

3. The entity be governed by a Regional Services Commission as set out in the Municipal Government Act (or by stand-alone provincial legislation), with authorities focused on accountabilities addressing public policy matters. The body should be primarily composed of appointed local elected representatives, and a minority of private appointees, providing specialized expertise or key stakeholder perspectives.

4. Subject to further determination of the appropriate division of accountabilities, management and operating activities, should generally be delegated responsibilities.
3. The Case for Regionalization - Cost and Benefits of Regional Transit

In large, multi-municipal urban regions, public transit is a vital and complex service. Like many other public services, its costs and benefits cross local jurisdictional boundaries; it is clear that integrated planning and delivery serves all constituents best. All constituents realize the benefit, regardless of their level of consumption of the service.

The case for integrated transit is clear. Regions that deliver services in an integrated manner, see better service and infrastructure coordination and delivery, better service quality and stronger transit ridership. Ultimately, this results in better mobility, increased economic competitiveness, less congestion and emissions, and lower overall costs for providing transportation services and infrastructure.

If transit is a regional public good, then a fundamental principal for the regionalization of transit services is that cost for providing the service should be shared regionally.

Understanding the ‘financial impact’ of transitioning to a regional service is an important consideration in the decision to move to a regional service. The City of St. Albert has undertaken analysis of potential cost impacts of creating a regional commuter service. On the presumption that regional and local services will be separated to form the entity, increased service deliver costs could be on the order of $1.5m per annum. There may be other costs (overheads) as well as savings that have not yet been identified. Defining other costs and savings at the same level of detail, and therefore net costs (or savings), requires definition of the specific governance and service delivery model. It is recommended that this analysis be done as part of the next phase of work.

Longer term, there are some costs that may increase as a consequence of regionalization, there are others that may go down. For example, it is noted that wage rates at St. Albert transit are generally lower than those at ETS and that wage rates may be bid up, or that the separation of commuter routes from local routes will introduce inefficiencies. It may be possible to keep commuter and local routes connected (interline) while separating their planning and funding. There are also a whole host of other potential efficiencies that have not yet been evaluated – administrative functions, shared services, procurement fleet and fuel and further interlining opportunities.

A significant benefit could come from access to a common pool of resources to manage and expand the transit system, in a coordinated manner. Service design principles should ensure higher and consistent levels of commuter transit services under this model, improved travel time and financial savings, reduced congestion and emissions, access to employment and opportunity, and the shared benefit of economic efficiency and development. Ultimately, customers get more and seamless service, which builds ridership.

Efforts have been made to enumerate the costs and benefits of regionalizing transit services to determine impacts at the municipal level. Since the costs and benefits of regional travel are shared and the future state funding model remains unclear, it is very difficult to do this with a high degree of certainty.
Our strong recommendation is to ensure that there is a positive case for regionalization at the Metro Region level. There will certainly be transition issues related to redistribution of costs, revenues and assets between municipal systems. These are important, and to address this our recommendation is that a principle that municipalities be ‘kept whole’ through any transition is to be maintained. That is, any direct negative financial impacts to any one municipality, should be absorbed by the entity and funded through regionally balanced funding sources (per the funding recommendation in this report).

The Metro Mayors’ Alliance report sums up the approach quite well - regionalization requires a new, regional mindset. This requires a shift from what is good for one city to what is good for all cities.

4. Elements of Transit Governance

Understanding the key accountabilities in transit decision-making informs the types of governance models appropriate to the regional entity.

Accountabilities for transit can be broadly divided into three categories:

- **Public policy** guidance to define desired broad system objectives and performance expectations, particularly as they relate to taxation/funding, fees, service levels, priority setting, etc.
- **Management** to oversee the systems, processes and investments to meet the defined objectives and expectations.
- **Implementation and Operations** to deliver the infrastructure and services – to specifications and in a manner that is safe, efficient and reliable.

Table 1 summarizes these with examples of typical example accountabilities that may fall in each. While some accountabilities may fall in grey areas between categories, this provides a general framework for division.
Table 1 – Accountability Framework for Transit

<table>
<thead>
<tr>
<th>Category</th>
<th>Accountabilities</th>
<th>Body Accountable for Decisions</th>
</tr>
</thead>
</table>
| **Public Policy**               | ▪ System-Level Goals and Objectives  
▪ Strategic Planning and Resource Allocation  
▪ Serving Social Equity Goals  
▪ Funding  
▪ Approving capital, service design/changes, debt limits  
▪ Fare Policy  
▪ Integration with Land Use | Elected |
| **Management**                  | ▪ Annual Service Planning  
▪ Fare collection  
▪ Financial Management  
▪ Human Resources and Labour Contracts  
▪ Procurement  
▪ Capital Project Management  
▪ Marketing and Communications | Increasing Public Accountability  
Elected or  
Non-Elected Board |
| **Implementation and Operations** | ▪ Fleet Maintenance  
▪ Fleet and Crew Dispatch  
▪ Road Supervision  
▪ Security Operations | Public or Private Operator |

Our observations based on global best practices is that as accountabilities move up the scale from implementation to policy, there is an increased accountability to the public via elected representation. This can take the form of either direct elections or appointments of elected officials, but the principle is that the public can hold the governing body for these decisions accountable.

Management and Implementation decisions often require more time or specialized expertise than elected officials have, so oversight for these can be delegated to a management body, or operator, as appropriate.

Delivery can be done by public bodies, or delegated to private sector to achieve benefits related to efficiency, cost or risk transfer. These relationships are mapped in Table 2. The most appropriate model for delivery depends on the objectives the public body wishes to achieve – for example, to achieve control cost or efficiencies, to establish a public sector comparator/benchmark, to transfer risk or reduce borrowing, to have control over adjusting service levels frequently, or other factors.
### Table 2 – Decision Accountabilities Under Various Delivery Models.

<table>
<thead>
<tr>
<th>Description</th>
<th>Establishment of Policy, Strategic Objectives, Goals</th>
<th>Approve Taxation &amp; Fares</th>
<th>Management</th>
<th>Operate &amp; Maintain</th>
<th>Asset Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public Sector Operation</strong></td>
<td>Public</td>
<td>Public</td>
<td>Public</td>
<td>Public</td>
<td>Public</td>
</tr>
<tr>
<td><strong>Public Sector Contract</strong></td>
<td>Public</td>
<td>Public</td>
<td>Public</td>
<td>Public</td>
<td>Public</td>
</tr>
<tr>
<td><strong>Transit Management Contracts</strong></td>
<td>Public</td>
<td>Public</td>
<td>Private</td>
<td>Public</td>
<td>Public</td>
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<tr>
<td><strong>Private Operating Contract</strong></td>
<td>Public</td>
<td>Public</td>
<td>Private</td>
<td>Private</td>
<td>Public</td>
</tr>
<tr>
<td><strong>Public-Private: Operate and Maintain</strong></td>
<td>Public</td>
<td>Public</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
</tr>
</tbody>
</table>

5. Governance in Metro Edmonton – Building on a Strong Foundation

The Metro Edmonton Region’s current transit service is composed of a series of municipally governed, funded, planned and operated services. The ETS service is the largest and St. Albert Transit is the third largest. Strathcona County operates the second largest service, and number of municipal regional commuter services are contracted through ETS, who provides the services on a fee-for-service basis.

Edmonton has a comprehensive transit system with frequent services, while St Albert provides local service and a regional “commuter” service to key Edmonton destinations.

System performance varies from community to community; there are generally lower service levels and lower productivity in edge communities, and higher productivity and higher service levels in more central urban areas.

Table 3 provides a summary of existing transit service governance and delivery in the Metro Region. Figure 4 provides high level assessment of the areas of strength and improvement.
Currently, each municipality ‘self-determines’ scope of transit service – governs, funds, sets service levels to meet its community’s need. As indicated in Table 3, there is generally a strong accountability framework, with each municipality clearly accountable for policy decisions. This also ensures that local needs, and considerations around affordability, are paramount in decision making. There is also a strong history of cooperation between municipalities. For example, coordination of fares, shared stop/park and ride arrangements, contracting of services by smaller municipalities and, soon, the SmartFare project.

However, there are notable number of challenges with the existing model. The individual municipal services are operating efficiently as stand-alone systems. They operate within best industry practice for safe, efficient and reliable service. Furthermore, formal and informal cooperation is occurring on a number of fronts including bus stop sharing, fare integration and the future SmartFare system.

However, as mentioned earlier, operating these regional services through independent operations represents a lost opportunity in terms of integrated service planning, scheduling and delivery, customer information, service efficiencies and related cost savings, and dollar savings through shared services/maintenance/procurement. Further, a lack of regional funding to drive consistent and

<table>
<thead>
<tr>
<th>Scope of Services</th>
<th>Public Policy</th>
<th>Management</th>
<th>Operations/Delivery</th>
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<tbody>
<tr>
<td>Edmonton</td>
<td>Edmonton Council</td>
<td>ETS</td>
<td></td>
</tr>
<tr>
<td>- Buses, LRT, Park and Ride</td>
<td></td>
<td></td>
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<tr>
<td>St. Albert</td>
<td>St. Albert Council</td>
<td>StAT</td>
<td></td>
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<tr>
<td>- Local and commuter bus, park and ride</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Strathcona County</td>
<td>Strathcona County Council</td>
<td>Strathcona County Transit (SCT)</td>
<td></td>
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<tr>
<td>- Local and commuter bus, park and ride</td>
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<td></td>
<td></td>
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<tr>
<td>Leduc County</td>
<td>Leduc</td>
<td>Leduc Transit Service</td>
<td>(65-35 City/County operation costs split)</td>
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<tr>
<td>- Local and commuter bus, park and ride</td>
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<tr>
<td>City of Leduc</td>
<td>Leduc Council</td>
<td>Leduc Transit Service</td>
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<tr>
<td>- Local and commuter bus, park and ride</td>
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<tr>
<td>Fort Saskatchewan, Sturgeon County, Spruce Grove</td>
<td>Councils</td>
<td>ETS by Contract</td>
<td></td>
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</tbody>
</table>
systematic regional level service enhancements means that all municipalities have to operate within their own limited funding capacity, so regional level improvements are less likely to happen. These impact system cost and performance, and limit ridership potential.

Another challenge worth noting is that there is currently a high barrier to entry for smaller municipalities to provide transit services. Transit services have significant fixed overhead and capital requirements that can make it challenging for smaller municipalities to provide services. Regionalization of services provides an opportunity for smaller municipalities to share the costs and funding for transit over a broader regional base.

Without formal, legislated frameworks for cooperation, cooperation is ad hoc, which limits its possibilities. To achieve cooperation, as noted by the Metro Mayors’ Alliance Advisory Panel, requires leadership to advance a vision of a regional future for the Metro Edmonton area – the whole being greater than the sum of its municipal parts. It requires both Metro cities and the province to act, and therefore leadership at both levels as well.

Figure 4 provides an overall assessment of the strengths, weaknesses, opportunities and threats within the existing governance and service delivery model.
Figure 4 – Strengths, Weaknesses, Opportunities, Threats Assessment

**Strengths**
- Local control of funding, design and service levels reflect local priorities.
- Cost-effective solution for very small communities to contract ETS expertise and resources
- Cooperation exists (Park ‘n’ Ride, fares, smartfare)

**Weaknesses**
- Separate systems in one urban region
- Different governance and decision-making processes – no regional ‘lens’
- Information, fare policies, branding not consistent
- Planning, system design and service levels not integrated and not consistent
- Funding dependent on local capacity, limited sources
- Municipalities must work within debt ceiling
- Not realizing potential economies of scale

**Opportunities**
- Additional investment in independent services, negotiate operating agreements with existing transit providers and/or negotiate bilateral agreements with adjacent municipalities
- Address existing issues through coordinating processes or service agreements
- Region still growing – regionalization still achievable
- Alignment of interests – province, region
- Leadership – CRB, Metro Mayors

**Threats**
- Transit benefits may not be realized as region grows and becomes more complex
- Transit decision-making environment becomes more complex as region grows – regionalization becomes more difficult to achieve
- Taxpayer pressure in individual municipalities could lead to service reductions with regional implications

6. Lessons Learned – Assessment of Peer Regions

The advice contained in this report is founded in part by an extensive scan of transit governance practice across Canadian regions. The regions and agencies included are:

- Toronto (Toronto Transit Commission and Metrolinx)
- British Columbia (TransLink and BC Transit)
The Assessment highlights key learnings relevant to the Edmonton context:

**Lesson 1 - ‘Act early, or be left behind.’**
The case of development of Greater Montreal and Toronto – and the lack of evolution of transit governance to match that growth – provides a cautionary note for the Metro Edmonton Region. In both regions, there were decades of municipal growth outside the central municipality, with cities each maintaining their own municipal systems. This has resulted in serious challenges with service and fare integration, planning and delivery of infrastructure, and ultimately, an inability to effectively deliver regional service. As growth progressed, fixing governance has become more challenging. In Greater Montreal, the Province has just introduced Bill 76, creating a new regional governing body. However, implementation is complex. Greater Toronto still languishes with nine large agencies delivering transit, without inter-agency coordination.

Metro Vancouver represents best practice in this regard, with regional transit governance dating back to the 1970s, and with the governing body growing (via legislative amendments) to include all cities in the commutershed.

**Lesson 2 - Direct accountability linkages on public policy matters.**
It is critically important that those making public policy decisions (particularly taxation, service level standards and priority setting) have direct linkages to the electorate – that is, publicly elected. This is the case with TransLink and with Metrolinx, where private boards have lacked the social license to make public-interest decisions. Montreal’s new governance model threatens to repeat this challenge. TransLink’s pre-2008 Board featured elected officials, appointed via the Metro Vancouver, a far preferable arrangement.

A common concern is that public officials act based on local interests. While this may occur in some cases, our observation is that in mature regional governance models with local appointees, local elected officials show great capacity to bridge local and regional issues. Furthermore, there are ways to address this issue through the appointment process (oaths) or election process (at large).

**Lesson 3 - Private and mixed boards have a place.**
The case of Metrolinx and TransLink demonstrate that private boards can be effective in some regards. These board members have legal, engineering, or organizational expertise, and have brought discipline to capital and human resource processes, for example. The TTC board is mixed, bringing stakeholder perspectives to decisions, with elected officials still carrying the day on public policy matters.
Our strong advice in governance design is to be clear on the accountabilities of various bodies (policy, management, implementation) and to ensure representation is appropriately aligned with those accountabilities (elected or private board, management).

**Lesson 4 - Shared services model can deliver efficiencies.**

The BC Transit model (outside Metro Vancouver) demonstrates best practices in pooling expertise, planning and delivery resources towards shared objectives of municipal entities across the province. They are able to achieve economies of scale in shared services (planning, finance, etc), procurement of buses and fuel, service standards and marketing, etc. All assets are owned by BC Transit. However, municipalities can self-determine service levels, funding and contracting arrangements. For Metro Edmonton, it demonstrates that integrated models can deliver the benefits of coordination, while preserving means for local municipalities to specify some attributes.

The TransLink model is the most comprehensive nationally (including all modes, for the entire region), and perhaps one of the most efficient, consolidating all administrative and corporate functions in one entity.

**Lesson 5 - Amalgamation can deliver simplicity.**

In the late 1990’s, Halifax Regional Municipality (HRM) commenced amalgamation. Currently, all transit service decisions for the region are made by one entity – with policy decisions made by Council (and committee of Council) and management and operating decisions made by Halifax Transit. This provides for clear, simplified decision-making.

**Lesson 6 - Creating regional transit governance requires political leadership.**

The cases of both Metro Vancouver (1990s) and Montreal (current) governance change demonstrates that advancing the concept is based on vision, and a shared sense that a better future is possible through shared regional decision making. Both local and provincial leadership are essential elements to driving change forward. The Metro Mayors’ Alliance Advisory Panel’s vision represents an excellent starting point.

**Lesson 7 - Implement on the strength of vision, and sort details through implementation.**

Governance change is incredibly complex and not all cost, impacts and design issues can be sorted out in advance of implementation. The case of both Metro Vancouver and Montreal provide best practice in this regard – commitment on the strength of a vision and best practice, legislation to set out a broad framework, and establishment transition bodies to resolve implementation details.

Table 5 Provides a high level summary of the applicability of key lessons learned to the Metro Edmonton Region context.
Table 5 – Jurisdiction Assessment

<table>
<thead>
<tr>
<th>Region/Agency</th>
<th>Lessons Applicable to Capital Region</th>
</tr>
</thead>
</table>
| Greater Toronto Area (GTA) | • “Act early, or be left behind.”  
                               • Delay to regional governance reform more challenging to overcome as cities grow. |
| Metrolinx              | • Private board with public policy accountability is challenged in making decisions and progress.  
                               • Insufficient span of regional authority (no funding, no authority for local systems) |
| TTC                    | • Success of mixed board (majority elected)                                                          |
| BC Transit             | • Shared services model (cost and procurement efficiencies, policy coordination)  
                               • Flexible funding arrangements                                                                 |
| TransLink              | • Grow governance (include municipalities) as region grows.                                            
                               • Integrated planning and delivery.  
                               • Can successfully use regional elected body to govern transportation (pre-2008).  
                               • Private board is challenged in making decisions and progress. (post-2008) |
| Montreal               | • Same as GTA – pre 2016 amalgamated authorities (AMT, cities) challenges integration.               
                               • Importance of political leadership in driving current governance change  
                               • Don’t sweat the details, or try to define all costs, too early – decide on higher principles, then transition  
                               • Private board format will likely challenge decision making and progress. |
| Halifax and Ottawa     | • Singular authority for policy and system management decisions (Council).  
                               • Benefit of amalgamation at regional scale in simplifying decisions and operations. |

7. Principles - Good Governance and Entity Design

Based on the assessment of the Metro Edmonton Region’s current situation, and a review of state of practice in agencies across Canada, the following are proposed principles to guide the creation of a regional entity. For purposes of clarity, we have divided the principles into two categories, principles for good transit governance and principles for entity design.
7.1 Principles for Good Transit Governance

The good governance principles in Table 6 reflect the learnings of best practice, with an emphasis on ensuring the organization reflects need for accountability, transparency and clarity of purpose, and that focus remains on attainment of regional objectives.

Table 6 – Principles for Good Transit Governance

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good Governance</td>
<td></td>
</tr>
<tr>
<td>▪ Accountable</td>
<td>Political and administrative linkages at level appropriate to decisions made</td>
</tr>
<tr>
<td>▪ Transparent</td>
<td>Public and stakeholders have a clear understanding of the governance /</td>
</tr>
<tr>
<td></td>
<td>decision-making process and decision-makers are accessible to constituents</td>
</tr>
<tr>
<td>▪ Clarity of Purpose</td>
<td>Clear mandate with unambiguous roles and the ability to advocate for mandate</td>
</tr>
<tr>
<td>Aligned with Objectives</td>
<td></td>
</tr>
<tr>
<td>▪ Acceptable</td>
<td>Public, stakeholders, local and provincial government accept its mandate and</td>
</tr>
<tr>
<td></td>
<td>role</td>
</tr>
<tr>
<td>▪ Supports Regional</td>
<td>Supports social, economic, environmental goals in a way that is coordinated,</td>
</tr>
<tr>
<td>Policy</td>
<td>integrated and forward compatible with potential further regionalization</td>
</tr>
<tr>
<td>▪ Effective</td>
<td>Achieves desired outcomes effectively, at acceptable cost</td>
</tr>
</tbody>
</table>

7.2 Principles for Entity Design

The Entity Design principles are focused on ensuring the design and implementation of the entity. They follow the general proposed principles for good governance, and provide specific guidance to shape design and implementation of a regional commuter service that is governed, delivered, funded and managed for the shared interest of the regions residents.

The Entity Design principles are:

- **Policy** – Public policy decisions governed by commission primarily composed of elected representatives.
• **Representation** – Due consideration should be given to commission representation at the various stages of the entity’s evolution, scope and growth (i.e. balance of elected/private representation, geographic balance, etc. may shift over time as entity evolves).

• **Phasing** – Implement in phases, starting with intercity commuter services.

• **Forward Compatibility** – Design the entity to enable expansion for additional regional services in the future.

• **Funding and Investment** – Utilize a broad mix of user and beneficiary pay regional funding sources, equally applied to reflect shared regional benefits and invested to increase regional mobility, utilizing sources to lift service levels in all cities.

• **Cost Neutrality** – Ensure any redistribution of costs and revenues across municipalities/cities is net neutral to all cities.

• **Delivery** – Pursue simple, easy to deliver models in the near term, balancing needs for cost efficiency and public accountability.

## 8. Proposal for Regional Entity

This section builds on the learnings from the analysis of the Metro Edmonton Region, and state of practice across Canada and establishes a ‘working proposition’ and recommendations for the design of a regional commuter service in the following areas:

1) Service concept for the entity (scope of regional services for the near and longer term)
2) Governance and Cost sharing formula
3) Delivery model
4) Entity transition

### 8.1 Service Concept (Long and Near Term)

This report agrees with the proposition set out in the *Moving Integrated Transit Forward* report that ultimately having all regional transit service governed through one entity is desirable.

This section proposes a way to implement a regional commuter service as a first step. To understand an appropriate means to design and govern the entity requires determining its scope of services. *Table 7* describes service types for potential inclusion in a regional service-focused entity.
### Table 7 – Possible Regional Services

<table>
<thead>
<tr>
<th>Possible Commuter Service</th>
<th>Description</th>
<th>Rationale</th>
</tr>
</thead>
</table>
| Service connecting municipalities | - St. Albert services connecting to Edmonton (excludes local services)  
- Contracted ETS services between Fort Saskatchewan, Sturgeon County, Spruce Grove | Services have primary purpose of moving passengers from one city to another for employment/school/social |
| ETS Express Bus Services | - All express bus services within the City of Edmonton service area | Serves regional-scale trips; also for intercity commuters to complete trip in Edmonton |
| Park and Ride Facilities | - Facilities in which drivers leave their cars in parking lots on the outskirts of a city and travel to the city center on public transportation. | Provides a desirable approach for use of public transit at a regional level. |
| LRT | - All LRT services | Services regional scale trips; also for intercity commuters to complete trip in Edmonton |

### Service Concept Recommendations

Drawing from the Entity Design principles outlined earlier in the report, our recommendations are as follows:

**Recommendation 1 - Implement intercity services first.**
It is assumed for the time being that initial implementation is focused on St. Albert and Edmonton – namely the St. Albert Transit 200 series bus routes. The rationale is to start with the easiest services to define and gain operational experience before taking on a broader range of services. A delivery analysis should determine whether the regional portion of these routes should be separated from local. It may be possible to maintain interlining while separating service level, funding and other related decisions separate.

**Recommendation 2 - Consider interlining opportunities in Edmonton.**
With a regional service entity in place, there may be opportunities to interline some local routes with the St. Albert Transit 200 series bus routes for operating efficiencies. This should be examined as part of the delivery analysis.
Recommendation 3 - Consider new regional services or improved service levels.
To be addressed later is a proposal for new funding sources to support this entity. Consideration should be given, where demonstrated need exists to introducing new or improved intercity services (such as new routes, higher frequency or ‘premium’ quality services) to launch the entity.

Recommendation 4 - Design entity to facilitate integration of other commuter services.
This includes defining the new ‘regional’ travel markets to be served within Edmonton, as well as potentially folding in Express Bus or LRT services. It is expected that these other services may be integrated within a medium to longer term timeframe.

8.2 Entity Mandate, Governance and Cost Sharing

The following outlines recommendations regarding entity mandate, governance and funding. It is also assumed that enabling legislation will be required to create a Commission.

There are a number of issues which require further investigation and definition through a transition and implementation phases. This report recommends the establishment of a Regional Transit Service Transition Task Force, which is outlined in section 8.4 Phasing and Transition. This section will refer to issues that require the attention of the Task Force.

Recommendation 5 - Mandate and Accountabilities.
A commission should be established with a mandate for planning, funding, delivery and operation of a defined Regional Transit System.
- This will include holding and managing debt, investment priority setting, funding, plan development, service specifications etc.
- Legislation should establish, as a purpose, support for related local, regional and provincial plans/objectives.
- Management and Operations authorities may be delegated to a management board or operating company, private or public, subject to further assessment by the Task Force and determination of appropriate delivery model.

Recommendation 6 - Commission Composition - considerations.
- The Commission should be constituted with a majority of elected officials.
- A commission of 7-12 members, depending on the geographic and service scope of the authority. More municipalities and service scope require increased representation.
- A majority appointed from participating member councils (mayor or councilors). Consideration should be given to having the CRB appoint members if the commission is regionally comprehensive. This will establish linkages with land use planning and other future regional service and economic development integration. The appointment process for should be detailed by statute.
• A minority could be private appointees reflecting needed professional expertise (planning, capital management, managerial, legal) or stakeholder interests (transit riders, industry). Legislation should provide for the establishment of an appointment panel, guided by criteria, to appoint private members.

• Membership of elected officials should reflect a variety of different factors including the municipalities within the area of services, the geographic extent/scope of funding (regional versus local), the amount of service within subareas and the stage of evolution of the entity, among others. Among the most important consideration for governance design is that is taxpayers will expect the commission to reflect (in broad proportions) the constituency base of taxation. The issue of appropriate elected representation is directly tied to the proposed funding model and should be resolved as part of the work of the transition Task Force (proposed below).

• Votes should, by custom, by one vote per member, with any elected member able to call for a weighted vote (if vote weights established). Our experience is that context where such voting exists, weighted votes are rarely used.

• Oaths should be taken for commissioners to represent the regional interest.

Recommendation 7 - Develop planning guidance.
• A first task for the Commission should be development of a long term strategic plan, covering no less than 10 years detailing a growth plan for the entity and its services, and detailing support for municipal and regional objectives.

• A process should be established to develop near plans ranging from 1-3 years, approved by the Commission. All near term plans to be consistent with the strategic plan.

• Service guidelines should be established to inform the allocation of service resources and service design. These should articulate minimum warrants for service, with consideration for a broad range of criteria including service productivity, land use, access to employment, equity, protection of agricultural land and open spaces. This provides surety that service reflects the diverse needs, and land use realities, of participating municipalities.

• A transition team (or the Task Force) should establish a first year plan, pending strategic plan development, and interim guidance for service allocation.

Recommendation 8 - Funding.
• Agencies with services that are transferred to the entity should also transfer related assets required to deliver the services (fleet, maintenance, etc), costs and associated revenues and funding supporting to support the entity.

• Revenue sources should support the entities current expenditures as well as expansion needs.
  o Sources to be stable, predictable and generate sufficient fiscal room;
  o Sources should be a balance of user pay sources (gas taxes, registration fees, carbon tax etc) and beneficiary (property tax, utility levy, sales tax etc). These should reflect principles of specific benefit to users (time and dollar savings) as well as broad societal benefits that are shared (economic development, emissions reduction);
  o Sources should be levied equally across participating cities (independent of municipal place of residence), again reflecting shared investment and shared benefit;
The appropriate objectives for sources, and recommended mix of sources, should be studied by the Task Force with recommendations to the province to enable in legislation, if required.

- New funding should be tied to support for transition costs for the entity, new service growth, and potential for tax shift (to replace all or part, as appropriate, of existing municipal property tax supporting transit).
- New funding should assure no net loss of service for municipalities (while recognizing some adjustments to service may be required).
- New funding should assure service growth, consistent with plan, will be funded.
- It is likely that there will be a number of one-time costs associated with transition to a commuter service entity. These should be funded by the provincial government, for a defined transition period, sufficient to all for the enabling of new sources, and for the Commission to develop and new plan with new regional funding sources.

### 8.3 Delivery Model

This section offers a number of potential models that could be considered for the delivery of regional transit services. The range of potential models include the establishment of a new public sector operating entity, having services delivered under contract by an existing public sector entity (e.g. ETS or StAT) or by private contract. There are a number of permutations that could also be considered.

All of these models are potentially implementable and have precedent in the national or local context. Public sector approaches likely feature higher cost, but with greater control over service delivery and service adjustments. Private sector delivery may offer some cost savings and the potential to transfer some delivery risk, but at some loss of control outside of what is stipulated in the contract. Changes to service levels outside of the contract may have higher cost.

All models have labour cost and labour agreement implications, which vary depending on implementation.

All models also require careful consideration of contracting. Public sector delivery with direct control through a subsidiary operating entity requires a clear service agreement. Contracting service with another public sector operator requires a service contract, and private contracting requires the same, likely with greater specificity and detail.

Determining the appropriate model involves a number of considerations:

- Clarity on the objectives for service delivery model – e.g. cost control, benchmarking of existing service, risk transfer, debt management, etc.
- The desired speed and ease of implementation;
- Forward compatibility with scope of expanded future services; and
- Labour impacts, among others.
Recommendation 9 – Service Delivery Model Options Analysis.
A detailed options analysis, based on a clear definition of objectives, should be undertaken by the Task Force as an early task.

8.4 Phasing and Transition

The development of a Regional Transit Service agency should be implemented in a series of phases providing progressive definition to the concept and implementation requirements, leading to implementation.

The Stewart Group has provided input for the phased implementation plan accompanying the reports from Administration.
Regional Commuter Service Phased Implementation Plan

Three Phase Implementation Plan
The development of a regional commuter service should be implemented in a measured and phased approach where each phase adds definition and clarity to the service concept and implementation requirements.

In general, three phases are contemplated:

1. Governance Design
2. Establishment and Transition
3. Service Operation

Phases 2 and 3 to be further confirmed and defined once governing principles have been agreed to by the elected Councils of St. Albert and Edmonton. It is recommended this phasing plan be implemented with the endorsement of the participating councils, and with the benefit of consultation with the provincial government.

Phase 1 – Governance Design – Joint City Manager’s Regional Commuter Service Task Force

Before considering operational matters, the Administrations of St. Albert and Edmonton recommend that the informal discussions exploring issues of regionalization of commuter services now need to evolve into a more formal process as the two cities need to agree to a governing model for an entity that both cities will be contributing assets to. A report produced by Stewart Group recommended a group composed of elected and non-elected officials augmented with members from the private sector create an appropriate governance model for the regional entity acceptable to both City Councils.

Formation of a Joint City Manager’s Task Force comprised of elected officials, Administration and private citizens.

- 2 elected (mayor or councillor) members from each of St. Albert and Edmonton
- City Managers or their designates as members
- A project chairperson acceptable to and appointed by both City Managers
- Consideration to include a provincial appointee/representative
- Administrative support from both municipalities
City Managers to determine the need for ad hoc or standing private sector representatives with specific skills and perspectives.

**Mandate:**
- Establish governing principles for the regional entity
- Determine if a Regional Services Commission as defined in Alberta Statute is an appropriate and preferable legal structure for the commuter service
- Define commission:
  - Mandate and scope;
  - Determine entity composition, terms, voting procedures for transition;
  - Recommend appointment process for elected representatives to governing board;
  - Recommend profiles (qualification criteria) and process for appointment of non-elected board members of the regional entity;
  - Recommend entity compensation framework; and,
  - Identify staff and resource requirement for the entity.
- Identify transition costs and determine scope of interim/transition funding to request from province
- Recommend the composition of a Transition Team to carry out Phase 2
- Assess the resourcing requirements of the Transition Team
- Engage in communication and consultation with other regional partners

**Deliverable:**
The Task Force will create an MOU to establish a regional entity for the approval of the respective Councils. Once approved by Edmonton and St. Albert Councils, other municipalities in the region will be invited to join the regional entity as part of Phase 2 of this Implementation Plan.

**Phase 2 – Entity Establishment and Transition** (1-2 years)

Stewart Group further recommends a non-operational entity be established to carry out the tasks as defined by the Task Force in Phase 1 (subject to the endorsement of the MOU’s recommendations by the sponsoring councils). Phase 2 will finalize direction on four key areas for the regional entity.

**Mandate:**
- Scope and delivery of regional commuter service
  - Confirm the scope of services at launch, and transition path/timing for expansion of services;
  - Development of service guidelines, a first year plan, and development of a strategic plan; and,
  - Select a preferred service delivery model.
● Funding and financial management
  o Establish specific funding model – including funding tools as available through provincial regulations and fare structure/levels;
  o Identify timing and phasing of revenue sources, providing financial capacity to meet long-term financial requirements of expansion and capital investment;
  o Determine approach for cost and revenue sharing to align with funding model; and,
  o Develop an asset transfer plan, including approach for the transfer of associated debt.

● Administration and logistics management
  o Determine the appropriate entity type to match funding and service delivery model;
  o Establish administrative and managerial functions;
  o Appoint interim (staff) executive committee/team responsible for management/implementation;
  o Coordination of supporting services (“back-office”); and,
  o Undertake negotiations with impacted Unions.

● Integration of entity with planning and municipal functions
  o Assess requirements, dependencies or relationships to regional integration of other services/infrastructure (e.g. economic development, land use planning, roads); and,
  o Define processes to engage in and support requirements for municipal planning functions.

Deliverable:
As a final approval to create the entity, incorporating documents will be developed defining direction on the key area as outlined in the preceding section. The agreement will also outline a weighted voting structure, which will take into account the municipalities within the area of services, the geographic extent/scope of funding (regional versus local), the amount of service within subareas funding model, value of assets transferred to the entity and the constituency base of taxation. The formal agreement will then be ratified by each municipality and meet provincial requirements.

Phase 3 – Service Operations (1 year)

Based on precedent from other regions, it is expected that a new commuter service entity can be in operation approximately 1 year following approval of the formal agreement. The specific launch date must be driven by an assessment of readiness as measured by customer service expectations and not arbitrary deadlines.