

Regional Commuter Service Assessment

Final Report

August 2016

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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

Category	Accountabilities	Body Accountable for Decisions	
Public Policy	<ul style="list-style-type: none"> ▪ 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 	 Increasing Public Accountability	
Management	<ul style="list-style-type: none"> ▪ Annual Service Planning ▪ Fare collection ▪ Financial Management ▪ Human Resources and Labour Contracts ▪ Procurement ▪ Capital Project Management ▪ Marketing and Communications 		Elected Or Non-Elected Board
Implementation and Operations	<ul style="list-style-type: none"> ▪ 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.

	Description	Decision Accountabilities				
		Establish Public Policy, Strategic Objectives, Goals	Approve Taxation & Fares	Management	Operate & Maintain	Asset Owner
Delivery Models	Public Sector Operation	All staff are direct employees of the region				
	Public Sector Contract	Another public body with management and/or operating capabilities is contracted to operate and maintain				
	Transit Management Contracts	Management are private contractors			Private	
	Private Operating Contract	Private company is contracted to operate and maintain the public’s fleet and facilities			Private	
	Public-Private: Operate and Maintain	Private company receives a concession to operate and maintain their own fleet (and potentially facilities)			Private	

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.

Table 3 – Status Quo Governance Model in Metro Region – Accountability Division

Scope of Services	Public Policy	Management	Operations/Delivery
Edmonton - Buses, LRT, Park and Ride	Edmonton Council		ETS
St. Albert - Local and commuter bus, park and ride	St. Albert Council		StAT
Strathcona County - Local and commuter bus, park and ride	Strathcona County Council		Strathcona County Transit (SCT)
Leduc County - Local and commuter bus, park and ride	Leduc		Leduc Transit Service (65-35 City/County operation costs split)
City of Leduc - Local and commuter bus, park and ride	Leduc Council		Leduc Transit Service
Fort Saskatchewan, Sturgeon County, Spruce Grove	Councils		ETS by Contract

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

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



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)

- Ottawa (OC Transpo)
- Montréal (AMT and STM)
- Halifax (Halifax 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

Region/Agency	Lessons Applicable to Capital Region
Greater Toronto Area (GTA)	<ul style="list-style-type: none"> • “Act early, or be left behind.” • Delay to regional governance reform more challenging to overcome as cities grow.
Metrolinx	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Success of mixed board (majority elected)
BC Transit	<ul style="list-style-type: none"> • Shared services model (cost and procurement efficiencies, policy coordination) • Flexible funding arrangements
TransLink	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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

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

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

Possible Commuter Service	Description	Rationale
Service connecting municipalities	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> All LRT services 	Serves 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, be 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.
 - Sources to be stable, predictable and generate sufficient fiscal room;
 - 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);
 - 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.