

### CITY OF FORT SASKATCHEWAN

#### Request for Decision

#### Regional Transit Services Commission – Revised Business Case

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##### **Motion:**

That Council approve the revised Regional Transit Services Commission governance, financial and operating models and continue to support an application made to the Province of Alberta to establish a Regional Transit Services Commission with Fort Saskatchewan as a member.

##### **Purpose:**

The decision before Council is whether or not to continue supporting an application to the provincial government to establish a Regional Transit Services Commission (Commission), based on a revised governance, financial and operating models considering the exclusion of municipalities who have chosen not to join the Commission.

Reaffirming the City's support for the application is a requirement set by the motion approved by Council on March 10, 2020.

*That the Chief Administrative Officer be directed to provide notice in writing to the Deputy Ministers of Transportation and Municipal Affairs for the Province of Alberta that the City of Fort Saskatchewan supports enactment of a regulation under the Municipal Government Act creating a Regional Transit Services Commission for the Edmonton Metropolitan Region including Fort Saskatchewan as a Commission member, pending Council approval of the revised governance, financial and operating models for the Commission based on the exclusion of any municipalities who chose not to join the Commission*

Should Council approve the above motion, the Chief Administrative Officer will provide notice in writing to the Deputy Ministers of Transportation & Municipal Affairs indicating that the City of Fort Saskatchewan supports enactment of a regulation under the *Municipal Government Act* for the purpose of creating a Regional Transit Services Commission for the Edmonton metropolitan region with Fort Saskatchewan as a Commission member.

Not approving the revised governance, financial and operating models means that Council does not support the City of Fort Saskatchewan joining the Commission.

##### **Business Case Analysis:**

Overall, the original business case and the revised business case concludes that:

1. The Commission will operate transit at a lower cost than if transit was operated on its own, with savings estimated at \$10,000 per year;
2. The commuter service level from Fort Saskatchewan to Edmonton via Highway 15 and the Clareview station will be enhanced with an express route continuing to St. Albert and West Edmonton Mall, and with additional service hours during the weekend;
3. The Commission will provide greater resources and expertise for administering and operating local and commuter transit;
4. The Commission has the potential to deliver a more seamless transit service to improve mobility across the region;

5. The Commission should provide a more consistent and enhanced customer experience to riders who cross municipal boundaries;
6. The Commission will enable the more efficient use of transit assets and resources across the region; and,
7. The Commission will establish a unified approach to transit service delivery that can meet the evolving needs of the region into the future.

### **Background:**

On January 22, 2020 the *Accelerating Transit in the Edmonton Metropolitan Region – Building a Regional Transit Services Commission* was released, reflecting potential membership of the 13 municipalities within the region.

On March 10, 2020, Council supported an application to the Province to establish a Commission. The application was subject to Council approval of the revised governance, financial and operating models for the Commission based on the exclusion of any municipalities who chose not to join the Commission.

On June 1, 2020 an addendum to the original business case was released, reflecting confirmed membership of 10 municipalities within the region.

### **Membership:**

Municipalities who have expressed their intention to join the Commission include:

- City of St. Albert
- City of Edmonton
- City of Leduc
- Town of Devon
- Town of Stony Plain
- City of Beaumont
- Parkland County
- City of Spruce Grove
- Town of Morinville

Municipalities who have expressed their intention not to join the Commission include:

- Strathcona County
- Leduc County
- Sturgeon County

### **Governance:**

The reduction in membership has not changed the originally proposed governance model or voting structure.

Bylaws 1 & 2 for establishing the Commission are attached to this report. These two bylaws are required as part of the application to the Province. Bylaw 1 addresses the appointment of a Board of Directors and a Chair. It also provides information on Boards, Committees, bylaw amendments and governance reviews. Bylaw 2 addresses the Fees and Charges aspect of the Commission, such as requisition abilities and how the bylaw can be amended.

Bylaw 3 is currently being drafted and is not required for the upcoming application to the Province. It addresses the operational components of the Commission such as managing and administering transit services to customers. Bylaw 3 is not available at this time as it will be refined by the Interim

RTSC Board and the Commission's future CEO. The proposed voting structure for the Commission has not changed. The working group is proposing:

- a simple majority for non-strategic decisions (e.g. election of a Chair, Vice-Chair, new members joining the Commission); and
- a double 2/3 majority for strategic decisions, meaning 2/3 of member municipalities and 2/3 weighted cost factor, is proposed for strategic decisions (e.g. approval of financial, operating and strategic plans, hiring and or removal of CEO).

Bylaws were developed with input from regional administrative experts working collaboratively in a Taskforce in which Fort Saskatchewan was represented. The process will also include an additional third-party legal review.

### ***Financial Implications:***

The reduction in membership reduced Fort Saskatchewan's estimated costs by nearly \$80,000. This reduction is attributed to the removal of the Regional Express route connecting Fort Saskatchewan to Sherwood Park, less the financial efficiencies lost as a result of Strathcona County and Leduc County leaving the Commission.

#### **1. Current Base Case (City Independent Model):**

The Base Case is the estimated cost for Fort Saskatchewan to deliver transit independent of a Commission. Table 1 illustrates these costs, with the average cost being \$1,339,000. The Fort Saskatchewan Base Case costs in the revised Business Case are the same as the original Business Case.

<b>Table 1 - Year</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>	<b>Average</b>
<b>Thousands \$CAD</b>	1,292	1,311	1,338	1,365	1,391	6,697	1,339

#### **2. Original Commission Model Business Case (13 Members):**

The original Business Case is the cost for Fort Saskatchewan to deliver transit services through the Commission, assuming 13 members. Table 2 illustrates these costs, with the average cost being \$1,409,000. This cost included local service and two Regional Express routes: #5 to Sherwood Park and NAIT and #6 to Clareview Station and West Edmonton Mall.

<b>Table 2 - Year</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>	<b>Average</b>
<b>Thousands \$CAD</b>	1,358	1,380	1,408	1,435	1,462	7,043	1,409

The original Business Case estimated the City's costs would increase \$70,000 under the Commission when compared to the Base Case. These additional costs were associated with increased service hours for the route to Clareview Station and an additional route to Sherwood Park.

#### **3. Revised Commission Model Business Case (10 Members):**

The revised Business Case is the cost to Fort Saskatchewan to deliver transit services through the Commission, assuming 10 members as opposed to 13 members. Table 3 illustrates these costs, with the average cost being \$1,330,000.

<b>Table 3 - Year</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>	<b>Average</b>
<b>Thousands \$CAD</b>	1,281	1,303	1,329	1,355	1,381	6,649	1,330

The revised Business Case estimates the City's cost would decrease \$10,000 under a Commission model when compared to the Base Case.

Table 4 summarizes the estimated requisitions to be paid by the City for the original and the revised Business Cases.

<b>Table 4</b>	<b>RTSC Requisitions</b>		<b>\$ Increase (Decrease) from Base</b>		
	<b>Original</b>	<b>Revised</b>	<b>Original</b>	<b>Revised</b>	<b>Change</b>
<b>Thousands \$CAD</b>	1,409	1,330	70	(-10)	(-80)

A reduction of nearly \$80,000 is realized from the original Business Case to the revised Business Case. This reduction is attributed to the removal of the Regional Express route connecting Fort Saskatchewan to Sherwood Park, less the financial efficiencies lost as a result of Strathcona County and Leduc County leaving the Commission.

### ***Operating Implications:***

The reduction in membership had the following operating impacts:

- no changes to the local transit services;
- the Regional Express route from Fort Saskatchewan to Clareview Station in Edmonton remains unchanged, and still includes enhanced services to St. Albert and West Edmonton Mall, 7 days a week; and
- the Regional Express route from Fort Saskatchewan to Bethel Terminal in Sherwood Park has been removed, as a result of Strathcona County opting to not join the Commission.

In the future, transit stakeholders can engage in assessing and establishing the original Regional Express route previously planned between Fort Saskatchewan and Sherwood Park.

### **Regional Context:**

Regionally, the case remains to proceed with the Commission, as:

- the total efficiency savings per year at maturity in 2026 remains positive at \$3.9m, down from \$5.5m; and
- the net savings per year at maturity in 2026 remains positive at \$2.2m, down from \$3.4m.

The creation of the Commission still addresses regional transit for the long-term benefit of commuter services in the region. Municipalities will maintain responsibility for operating transit system until mid- 2022. This provides municipalities with an opportunity to further adjust services prior to operation under the Commission.

### **Alternatives:**

At a conceptual level, the following alternatives are available for the City:

1. Continuing as a member of the Commission, and providing transit services exclusively through the Commission.
2. Continuing as a member of the Commission, while still looking at partnership opportunities with other agencies to offer enhanced commuter services.
3. Withdraw from the Commission as a founding member, and then utilize the Commission or another agency as a contractor to provide commuter services. The City may opt to become an advisory member to the commission and request to join the commission at a later date.

### **Risks and Unknowns:**

There are a number of unknowns and risk factors that exist that are unable to be quantified or clarified:

1. The long-term impacts of reduced transit ridership as a result of COVID-19. Currently transit ridership for commuter services is significantly reduced. Some post-secondary institutions have declared their intention to run classes online for the fall session. It is unknown when previous commuter service demand will return to pre-pandemic levels.
2. The full impact to the Commission Business Plan of the upload of Edmonton local services and how much of Edmonton's current transit program is uploaded.
3. The unknown access requirements that could be imposed by the Commission or the City of Edmonton should the City choose to run commuter services outside of the Commission operating model.
4. The costs and/or requirements of attempting to join the commission at a later date.

### **Plans/Standards/Legislation:**

2018-2022 Strategic Plan:

- *Well Planned and Maintained Municipal Infrastructure* - Strategically manage, invest, and plan for sustainable municipal infrastructure. Specifically, the strategic initiative: "Continued exploration of regional collaboration opportunities for projects."
- *Excellence in Government* - Continuous improvement; constantly looking for ways to improve our services through planning, innovation, collaboration and consultation. Specifically, the strategic initiative: "Continue to develop and maintain strong relationships with our neighboring municipalities and civic organizations."

### **Recommendation:**

This is a complex decision that involves a significant number of unknown components that may be a factor in the future. At this time, Administration recommends continuing as a member of the RTSC into commission start-up based on the following factors:

- The most important component of the City's current transit service is the commuter service program. While it is currently experiencing lower utilization, maintaining the regional

connectivity in our transit service is a key from both a social and economic development perspective. Access into the City of Edmonton is more certain when the City is actively a part of a regional partnership that includes the City of Edmonton.

- Participation in the commission is currently projected to provide enhanced service levels at a cost that is estimated to be similar to the current cost of service. There are no estimated costs and certainty that can be provided with any other transit model at this time.

#### **Next Steps:**

The RTSC Transition Team's application to the Province for creating a commission is scheduled for June 11, 2020.

The City still has the ability to withdraw from the Commission without permission being required at any time up until the point where the Commission is stood up as a regional entity. The approval of the Commission is expected to happen in the fall of 2020.

#### **Attachments:**

1. Appendix A - Accelerating Transit in the Edmonton Metropolitan Region - ADDENDUM - June 1, 2020
2. Appendix B – Revised Regional Routes Map
3. Appendix C – Bylaws 1 & 2

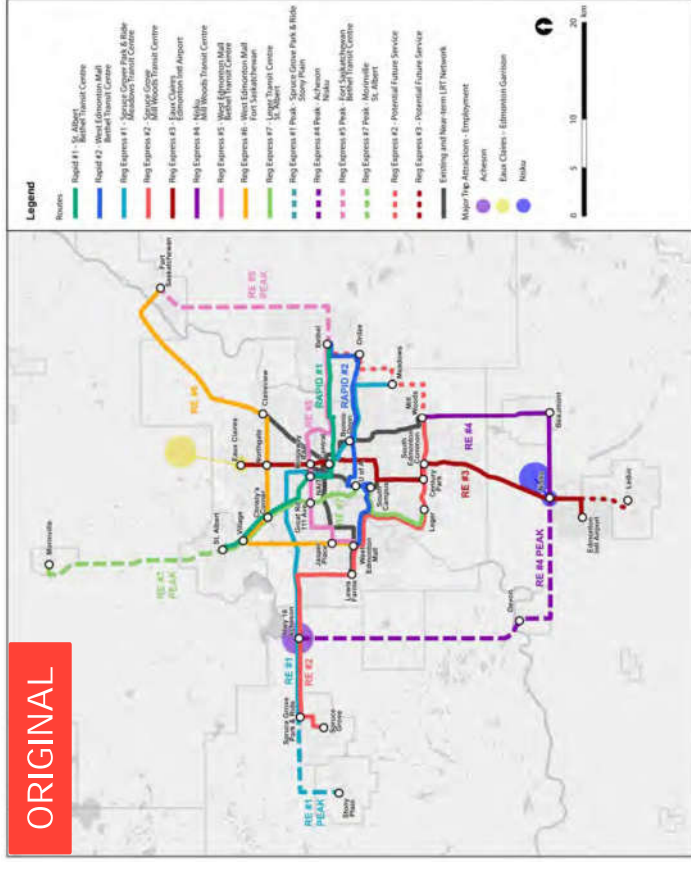
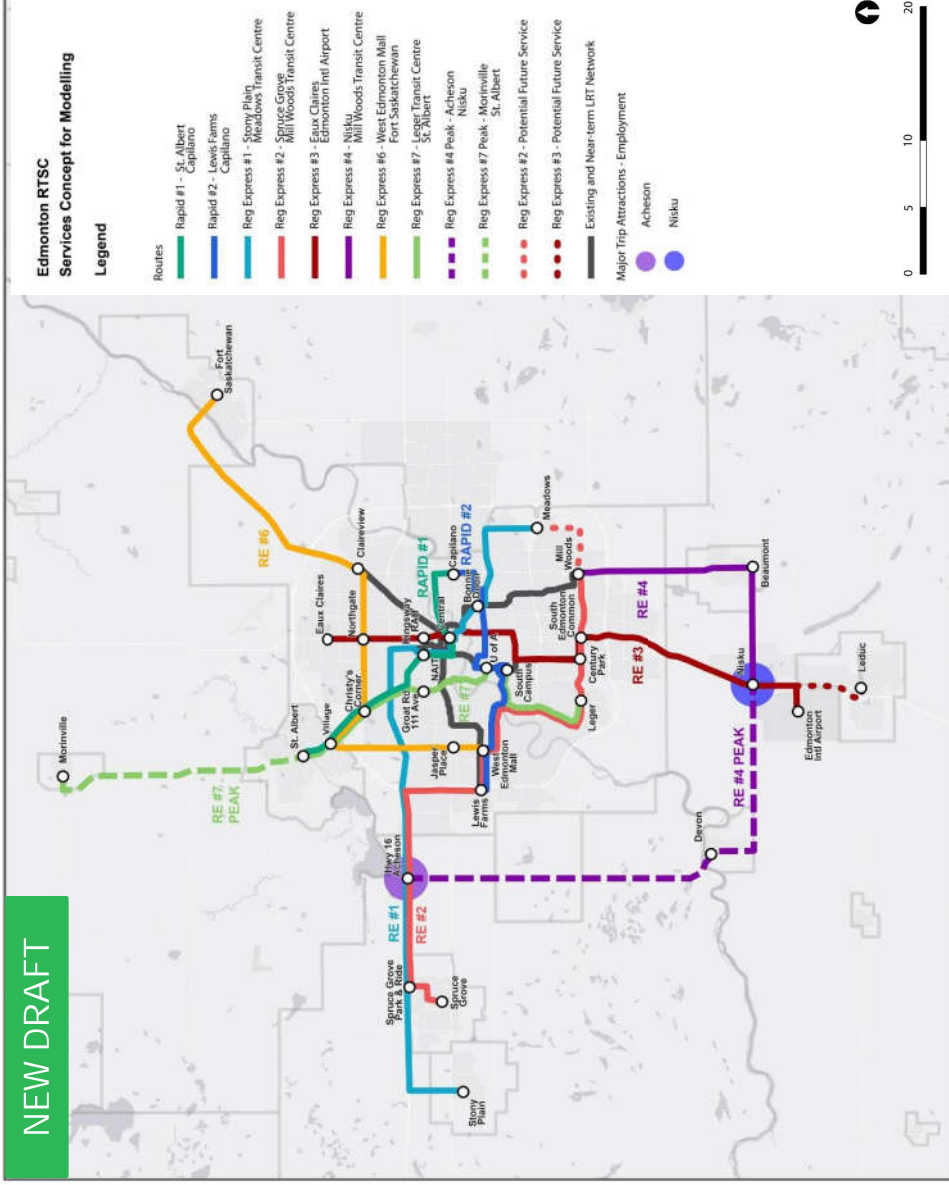
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File No.:

Prepared by:	Anthony Dionigi Transit Supervisor	Date: June 1, 2020
Approved by:	Richard Gagnon Director, Public Works	Date: June 1, 2020
Approved by:	Janel Smith-Duguid General Manager, Infrastructure & Planning Services	Date: June 2, 2020
Reviewed by:	Troy Fleming City Manager	Date: June 2, 2020
Submitted to:	City Council	Date: June 9, 2020

# Proposed Revised Regional Transit Services Conceptual Design

For further discussion



# **DRAFT BYLAWS FOR THE ESTABLISHMENT OF A REGIONAL TRANSIT SERVICES COMMISSION IN THE EDMONTON METROPOLITAN REGION**

## ***BYLAW 1 – 20XX***

### **BEING A BYLAW RESPECTING THE APPOINTMENT OF A BOARD OF DIRECTORS AND CHAIRPERSON OF REGIONAL TRANSIT SERVICES COMMISSION,**

**WHEREAS** the Regional Transit Services Commission has been established by Alberta Regulation X / 20xx, and

**WHEREAS** the first Board of Directors and Chairperson of the Regional Transit Services Commission was appointed through Ministerial Order X in accordance with the *Municipal Government Act*, and

**WHEREAS** pursuant to the provisions of Part 15.1, Section 602.07(1) (a) of the *Municipal Government Act*, the Regional Transit Services Commission must pass a bylaw respecting the appointment of its directors and the designation of its Chair, and

**WHEREAS** a bylaw passed under Section 602.07(1)(a) of the *Municipal Government Act* must be approved by the Minister of Municipal Affairs before coming into force.

**NOW THEREFORE** the Commission enacts the following:

#### **1. DEFINITIONS**

- 1.1. “Act” means the *Municipal Government Act*, RSA 2000, c M-26, as amended;
- 1.2. “Board” means the Board of Directors of the Commission;
- 1.3. “Chair” means the chairperson of the Board;
- 1.4. “Vice-Chair” means the vice-chairperson of the Board
- 1.5. “Commission” means the *Regional Transit Services Commission created by the Regulation*;
- 1.6. “Director” means the representative of a Member of the Board appointed in accordance with this Bylaw;
- 1.7. “Member” or “Members” means those members set out in the Regulation;
- 1.8. “Regulation” means Alberta Regulation No. X/20xx;

#### **2. BOARD OF DIRECTORS**

- 2.1. The Board shall consist of One (1) Director appointed by each of the Commission Member municipalities.
- 2.2. Each Director shall be an elected representative of the Member municipality that appoints the said Director
- 2.3. A Director’s appointment can be revoked at any time by providing the Board with a written notification from a Member’s Council of the removal and the appointment of a replacement Director.
- 2.4. The roles of Chair and Vice-Chair shall be filled by duly nominated Directors and approved by way of resolution of the Board receiving majority support.
- 2.5. A Chair and Vice-Chair shall occupy the positions for two (2) years.



### 3. BOARD COMMITTEES

- 3.1. The Board may establish committees, advisory bodies, and task forces and their terms of reference by resolution.
- 3.2. Committees, advisory councils, and task forces shall have their duties, functions, membership, procedures, term, and other characteristics established in their terms of reference
- 3.3. Standing, or operating, committees may be established and function on an ongoing basis and ad-hoc committees may be formed to address a specific need for a fixed period of time.
- 3.4. Advisory councils may be established to provide non-binding guidance to the Board and their membership may include Directors and external representatives. Participants may include:
  - 3.4.1. Elected officials from municipalities in the Edmonton Metropolitan Region that are not Commission Members
  - 3.4.2. Representatives from Indigenous communities in the Edmonton Metropolitan Region
  - 3.4.3. Representatives from Industry, advocacy groups, and relevant public sector organizations
- 3.5. All committees, advisory councils, and task forces are accountable, and report to, the Board

### 4. AMENDMENTS

- 4.1. This Bylaw does not come into force until the bylaw is passed by the Board upon approval by at least a 2/3 double majority (2/3 member municipalities and 2/3 weighted cost allocation) of the Directors and approved by the Minister of Municipal Affairs.
- 4.2. Any time the Bylaw is amended, a notice that contains both the existing Bylaw (in full) and the proposed Bylaw (in full) will be provided to Directors and Members at least one (1) month in advance of when Members will vote on the changes.

### 5. GOVERNANCE REVIEW

- 5.1. The membership of the Board shall be reviewed two (2) years after incorporation by a party external to the Commission to ensure the board is effective and appropriate for the size and scope of the Commission.
- 5.2. This review shall provide guidance on a shift in Board composition from Member municipality elected officials to a skills-based Board made up of private citizens
- 5.3. The review shall also consider, but not be limited to, board size, voting structures, effectiveness, and Director term length
- 5.4. The results of the review shall be provided to the Board and Member municipalities within 3 months of the review commencing.

# **DRAFT BYLAWS FOR THE ESTABLISHMENT OF A REGIONAL TRANSIT SERVICES COMMISSION IN THE EDMONTON METROPOLITAN REGION**

## ***BYLAW 2 – 20XX***

### **BEING A BYLAW RESPECTING THE FEES TO BE CHARGED BY THE COMMISSION TO ITS MEMBERS**

**WHEREAS** the Regional Transit Services Commission has been established by Alberta Regulation X/20xx, and

**WHEREAS**, the first Board of Directors and Chairperson of the Regional Transit Services Commission was appointed through Ministerial Order X in accordance with the *Municipal Government Act*, and

**WHEREAS** pursuant to the provisions of Part 15.1, Section 602.07(1) (b) of the *Municipal Government Act*, the Regional Transit Services Commission must pass a bylaw governing the fees to be charged by the Commission for services provided to its members or to any class of its customers.

**NOW THEREFORE** the Commission enacts the following:

#### **1. DEFINITIONS**

- 1.1. “Act” means the *Municipal Government Act*, RSA 2000, c M-26, as amended;
- 1.2. “Board” means the Board of Directors of the Commission;
- 1.3. “Commission” means the *Regional Transit Services Commission created by the Regulation*;
- 1.4. “Director” means the representative of a Member of the Board appointed in accordance with Bylaw 1-200X;
- 1.5. “Member” or “Members” means those members set out in the Regulation;
- 1.6. “Regulation” means Alberta Regulation No. X/20xx;

#### **2. BOARD OF DIRECTORS**

- 2.1. The Board shall levy fees annually to its Member municipalities to cover operating costs not covered by collected fare revenue and non-fare revenue.
- 2.2. Member fees are comprised of a Base Fee and a Service Based Cost Allocation .
  - 2.2.1. The Base Fee is a combination of a fixed dollar amount and a variable component that is based on a member municipality’s population.
  - 2.2.2. Service Based Cost Allocations are determined by the type and degree of service allocated to each municipality and are based on local and regional transit services received from the Commission.
- 2.3. The Board may approve an enhanced level of service for an individual municipality and in such case shall levy an associated fee to that municipality to recover all associated costs of the requested service.
- 2.4. Each year as part of the annual planning and budgeting process, the commission will review collected revenue, anticipated service hours by route, the forecasted annual shortfall, the calculation of hourly costs for the various service types and the regional route percentage sharing allocations. Using this information, they will update the municipal requisition calculations and present that to the board for confirmation.

### 3. AMENDMENTS

- 3.1. This Bylaw does not come into force until the bylaw is passed by the Board upon approval by at least a 2/3 double majority (2/3 member municipalities and 2/3 weighted cost allocation) of the Directors and approved by the Minister of Municipal Affairs.
- 3.2. Any time that the Bylaw is amended, a notice that contains both the existing Bylaw (in full) and the proposed Bylaw (in full) will be provided to Directors and Members at least one (1) month in advance of when Members will vote on the changes.