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**Date:** November 1, 2017  
**To:** Mayor and Council  
**Author:** G.A. Plancke / Director of Municipal Services  
**RE:** SECC o/a Erie Shores Community Transit Agreement  
**Report No.:** MS 2017- 55

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## **AIM**

To recommend to Council that the Municipality enters into a renewal Agreement with the South Essex Community Council (SECC) o/a Erie Shore Community Transit to provide a public transportation system for the physically disabled and the frail within the Corporation of the Town of Kingsville commencing on January 01, 2018 until December 31<sup>st</sup> of 2027.

## **BACKGROUND**

SECC has operated the Erie Shore Community Transit serving Kingsville, Leamington and a portion of Chatham–Kent since 1991.

In 2007 a new 10 year agreement was executed. This agreement expires December 31<sup>st</sup> 2017.

The fee for the existing agreement was fixed for the 10 year term at a total combined municipal contribution of \$21,012.00 annually. This pay structure was a carryover from the previous 16 years and was assumed within the 2007 agreement without any adjustment.

The payments to SECC for the term of the contract were calculated by subtracting user fees, and provincial grants from the projected costs and then apportioning the net amount among the participating municipalities on the basis of ridership.

Kingsville was agreeable to a 40% share in the remaining program costs over the 10 year term, with Leamington assuming 50%, and Chatham-Kent the remaining 10%.

Over the 10 year term of the agreement, greater than 83,000 individual trips were generated with greater than 31,000 of that total originating in Kingsville.

This equates to approximately 37% of the total ridership.

In addition to operating costs, the Municipalities and the SECC were also required to commit to a capital reserve fund with the intention of replacing one (1) transit bus every 5 years. The Municipalities committed to a 60% share in the replacement of an estimated \$100,000 replacement cost (2007 dollars), where the SECC would cover the remaining 40%.

## DISCUSSION

With the current agreement ending December 31<sup>st</sup>, 2017 the SECC contacted the three participating municipalities with the expectation to enter into another 10 year operating agreement.

In recently held discussions between all parties, the SECC advised that the funding model that has been in place for the last 26 years no longer adequately addresses the financial obligations of operating the program, causing the SECC to utilize reserve funds intended for other programs on occasion to offset the operational requirements of operating the Erie Shore Community Transit. They also advise that due to the cost of replacing one transit bus every four years compared to the previous five year replacement schedule, the capital reserve contribution must be increased.

In general, Erie Shore Transit has provided an invaluable service to the riders that utilize the ridership program. During recent Strategic Planning sessions, the service was noted as critical to the needs of our population and will become more critical as the demographic of our municipality supports the opinion that more of our population will require this form of assistance over the next 10 years. The only notable suggestion to improve service was to incorporate longer hours of service and incorporate a Saturday schedule.

In discussion with the SECC, it was noted that a Saturday schedule had been tried in the infancy of the program but succumbed to a lack of ridership, making the service impractical to maintain and therefore discontinued. That being said, the SECC advise that should confirmed interest for a Saturday service become obvious, serious consideration would be undertaken to evaluate the merits of resuming the service.

The new “Draft” agreement remains largely unchanged over the previous agreement however improves the municipal contributions to adequately address the needs of the program, and incorporates a Consumer Price Index (CPI) adjustment on an annual basis in order to maintain balance with rising operational costs.

The SECC advise that the original \$21,012.00 municipal contribution represents roughly 50% of the current actual municipal share of the Erie Shore Transit operating expenses, and have recommended that a \$40,000 municipal contribution is more consistent with actual and should become the 2018 value to initiate the first year of a new agreement with a CPI adjustment annually over the next 9 years to the end of the new 10 year term.

As per the previous agreement the apportioned percentage would be 50% Leamington, 40% Kingsville, and 10% Chatham-Kent.

This translates into a \$16,000 Kingsville operational contribution in 2018.

This is an increase of \$7,595 over the 2017 operational contribution assuming equal ridership.

The agreement also includes an adjustment to Fleet capital reserves by all parties to properly address the current estimated replacement cost of a new transit bus every 4 years based on the cost of a new transit bus of \$100,000 and an apportioned 60% (municipal split equally 3 ways) / 40% SECC contribution schedule.

This translates into a \$6,000 Kingsville Transit Fleet reserve contribution in years 2018–2027.

This is an increase of \$1000 over the 2017 Transit Fleet reserve contribution.

The Municipalities of Leamington, and Chatham-Kent are in general agreement with the revised obligations within the “Draft” agreement and remain committed to the service.

## **LINK TO STRATEGIC PLAN**

Strive to make the Town of Kingsville a more accessible community.

## **FINANCIAL CONSIDERATIONS**

Over the term of the agreement, the Town of Kingsville will contribute 40% of the municipally shared operational expenses initially established at \$40,000 in 2018 and adjusted to the CPI annually for the duration to the agreement.

Kingsville will also continue to contribute \$6,000 annually to a Transit Fleet reserve towards the cost of a replacement bus every 4 years apportioned 60% Municipal (Leamington, Kingsville, Chatham –Kent), and 40% SECC.

## **CONSULTATIONS**

SECC

Municipality of Leamington

Municipality of Chatham-Kent

Financial Services

Corporate Services

## **RECOMMENDATION**

To enter in a new agreement with the SECC o/a Erie Shore Transit jointly with the Municipalities of Leamington, and Chatham-Kent for a term of 10 years commencing January 01<sup>st</sup> 2018, and ending December 31<sup>st</sup>, 2027.and

Authorize the Clerk to execute the agreement and draft the appropriate By-laws.

*G.A. Plancke*

G.A. Plancke Civil Eng. Tech (Env)

Director of Municipal Services

*Peggy Van Mierlo-West*

Peggy Van Mierlo-West, C.E.T.

Chief Administrative Officer